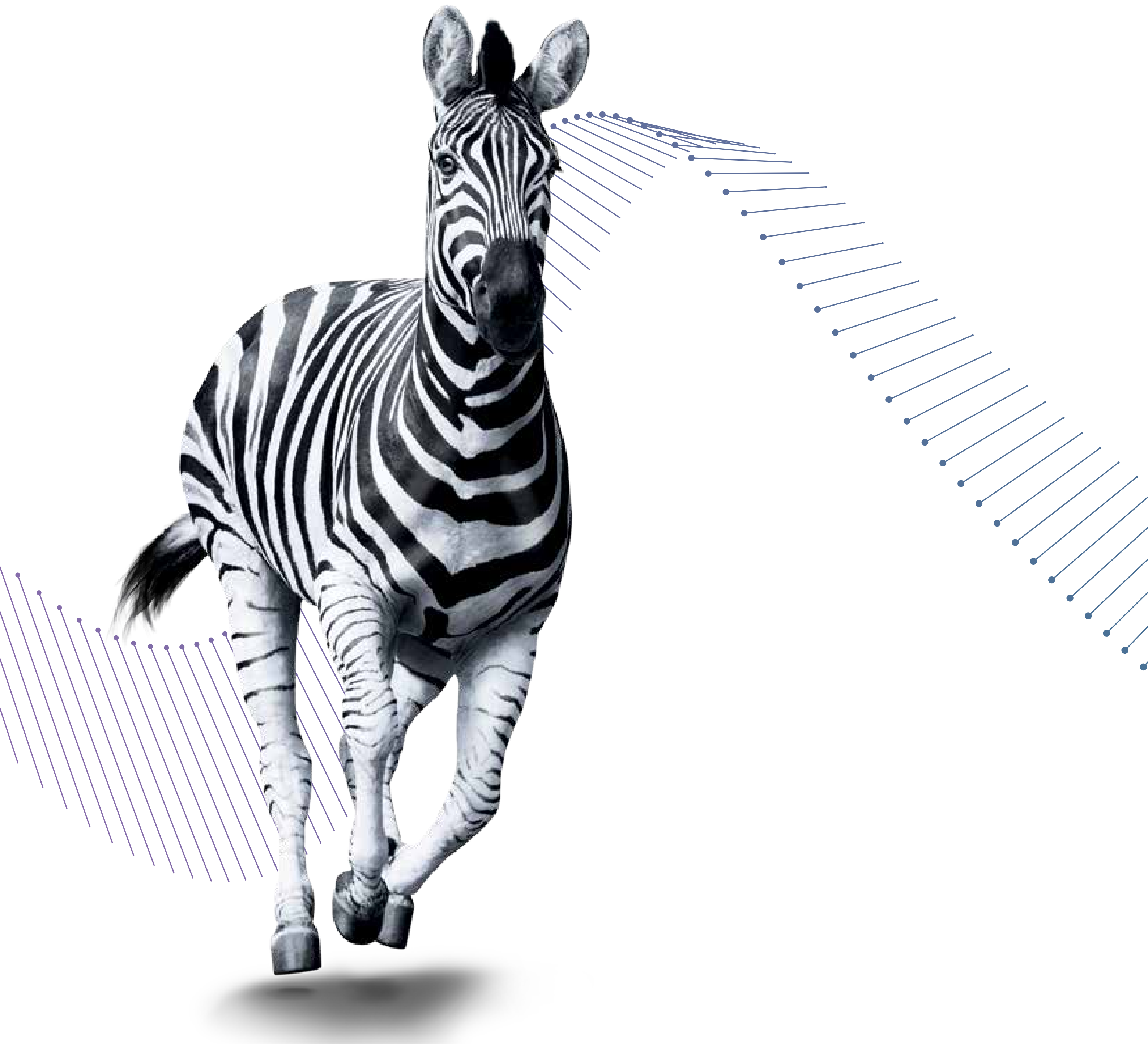
ANNUAL REPORT | 2020

Investec integrated annual review and summary financial statements

Investec



2020 *About this abridged report*

This report covers all our operations across the various geographies in which we operate and has been structured to provide stakeholders with relevant financial and non-financial information.

The summary annual financial statements have been approved by the board of directors of the group and were signed on its behalf by the chief executive officer, Mr Fani Titi. This document provides a summary of the information contained in the Investec group's 2020 integrated annual report (annual report). It is not the group's statutory accounts and does not contain sufficient information to allow for a complete understanding of the results and state of affairs of the group as would be provided by the full annual report. For further information consult the full annual financial statements, the unqualified auditor's report on those annual financial statements and the directors' report. The auditors' report did not contain a statement under section 498(2) or section 498(2) of the UK Companies Act 2006.

Strategic Report

This report includes the Strategic Report and supplementary materials, provided in accordance with the UK Companies Act 2006 in place of the full accounts and reports. The Strategic report provides an overview of the group's strategic position, performance during the financial year and outlook for the business. This should be read in conjunction with the group's integrated annual report which elaborates on some of the aspects highlighted in the strategic report.

Electronic copies of the full Investec group's 2020 integrated annual report can be found on the group's website (www.investec.com).

Report of the Auditor

The Auditor's report on the full accounts for the year ended 31 March 2020 was unqualified, and their statement under section 496 of the Companies Act 2006 (whether the Strategic Report and the Directors' report are consistent with the accounts) was unqualified.

THE INTEGRATED ANNUAL REVIEW AND SUMMARY FINANCIAL STATEMENTS HAS BEEN COMPILED IN ACCORDANCE WITH THE INTEGRATED REPORTING PRINCIPLES CONTAINED IN THE CODE OF CORPORATE PRACTICES AND CONDUCT SET OUT IN THE KING REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA (KING CODE).

Cross reference tools

Alternative performance measures
We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information. These measures are highlighted with the symbol
The description of alternative performance measures and their calculation is provided in the alternative performance measures section.

AUDITED INFORMATION
Denotes information in the risk and remuneration reports that forms part of the group's audited annual financial statements

PAGE REFERENCES
Refers readers to information elsewhere in this report

WEBSITE
Indicates that additional information is available on our website: www.investec.com

GROUP SUSTAINABILITY
Refers readers to further information in our 2020 group sustainability and ESG supplementary report available on our website: www.investec.com

REPORTING STANDARD
Denotes our consideration of a reporting standard

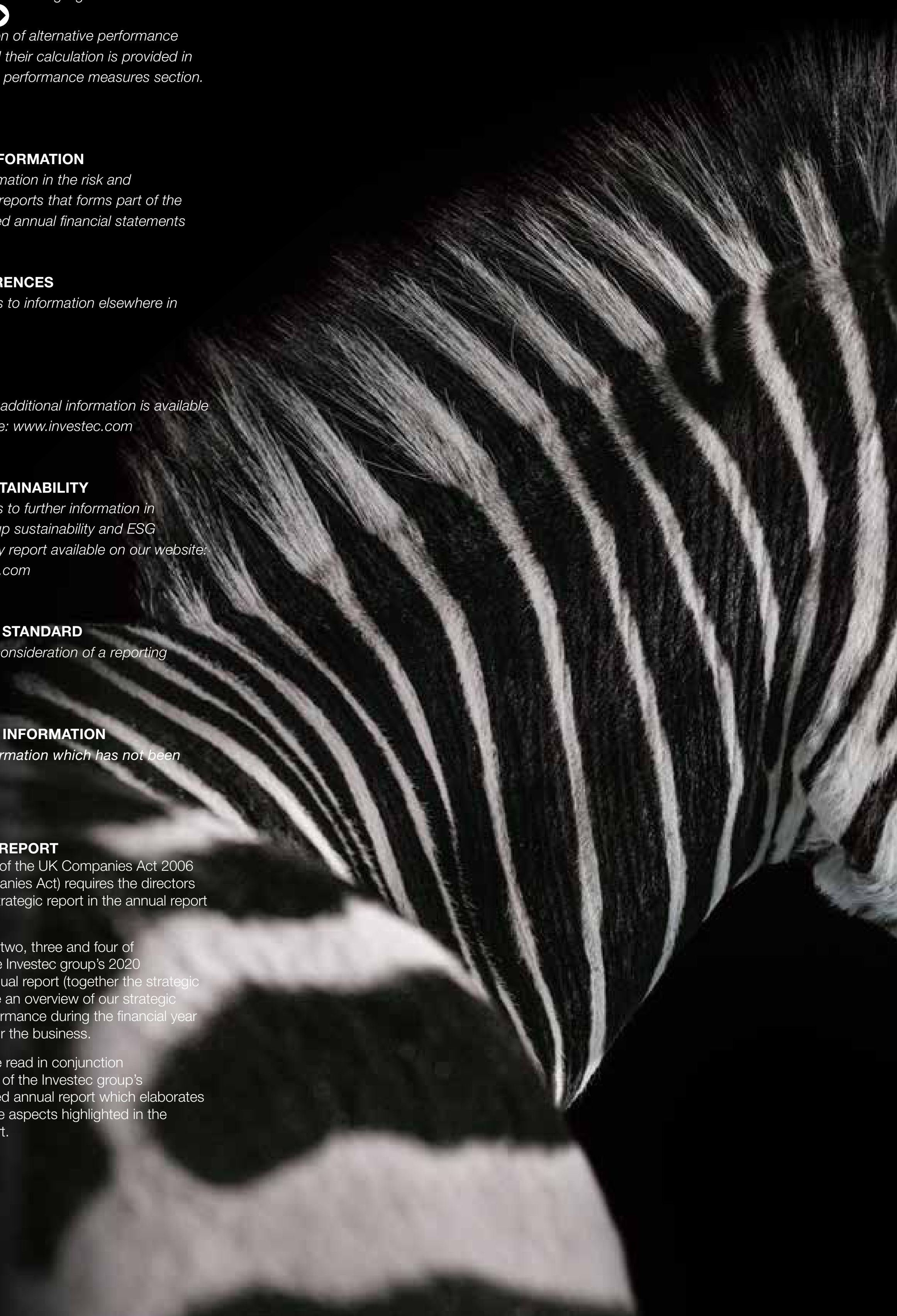
UNAUDITED INFORMATION
Indicates information which has not been audited

STRATEGIC REPORT

STRATEGIC REPORT
Section 414A of the UK Companies Act 2006 (the UK Companies Act) requires the directors to present a strategic report in the annual report and accounts.

Sections one, two, three and four of Volume 1of the Investec group's 2020 integrated annual report (together the strategic report) provide an overview of our strategic position, performance during the financial year and outlook for the business.

This should be read in conjunction with Volume 2 of the Investec group's 2020 integrated annual report which elaborates on some of the aspects highlighted in the strategic report.



CONTENTS

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OUR BUSINESS

Our purpose

Investec's purpose is to create and manage wealth for all our stakeholders. Guided by our vision to create and preserve sustained long-term wealth, we seek to build resilient profitable businesses that support our clients to grow their businesses while contributing in a positive and responsible way to the health of our economy, our people, our communities and the environment to ensure a prosperous future for all.

Our mission

We strive to be a distinctive bank and investment manager, driven by commitment to our core philosophies and values.

We focus on delivering profitable, impactful and sustainable solutions to our clients in two core areas of activity, Banking and Wealth & Investment.

The Investec distinction is embodied in our entrepreneurial culture which is balanced by a strong risk management discipline, client-centric approach and an ability to be nimble, flexible and innovative. We do not seek to be all things to all people and aim to build well defined, value-added businesses focused on serving the needs of select market niches where we can compete effectively.

Our values and philosophies

Distinctive performance

- We employ talented people with passion, energy and stamina, who exercise common sense in achieving effective performance in a high pressure, multi-task environment
- We promote innovation and entrepreneurial freedom to operate within the context of risk consciousness, sound judgement and an obligation to do things properly
- We show concern for people, support our colleagues and encourage growth and development.

Client focus

- We break china for the client, having the tenacity and confidence to challenge convention
- We thrive on change, continually challenging the status quo and recognising that success depends on flexibility, innovation and enthusiasm in meeting the needs of our changing environment.

Cast-iron integrity

- We demand cast-iron integrity in all internal and external dealings, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust.

Dedicated partnership

- We believe that open and honest dialogue is the appropriate process to test decisions, seek consensus and accept responsibility
- We are creative individuals who co-operate and collaborate unselfishly in pursuit of group performance
- We respect the dignity and worth of the individual through encouraging openness and embracing difference and by the sincere, consistent and considerate manner in which we interact.

One Investec

We strive to be a distinctive bank and investment manager, driven by commitment to our core philosophies and values.

Our long-term commitment is to One Investec; a client-focused strategy where, irrespective of specialisation or geography, we commit to offering our clients the full breadth and scale of our products and services.

We are focused on delivering profitable, impactful and sustainable solutions to our clients.

To deliver on One Investec, we will focus on imperative collaboration between the Banking and Wealth & Investment businesses and continue to invest in and support these franchises. This will position Investec for sustainable long-term growth.

Our long-term strategic focus:

- We are committed to delivering exceptional service to our clients, creating long-term value for our shareholders and contributing meaningfully to our people, communities and the planet
- All relevant Investec resources and services are on offer in every single client transaction
- Sustain our distinctive, out of the ordinary culture, entrepreneurial spirit and freedom to operate, with the discipline and obligation to do things properly for the whole of Investec.

Investec Distinction

CLIENT FOCUSED APPROACH

- Clients are at the core of our business
- We strive to build business depth by deepening existing and creating new client relationships
- High-tech, high-touch approach
- High level of service by being nimble, flexible and innovative.

SPECIALISED STRATEGY

- Serving select market niches as a focused provider of tailored structured solutions
- Enhancing our existing position in principal businesses and geographies through organic growth and select bolt-on acquisitions.

SUSTAINABLE BUSINESS

- Contributing to society, macro-economic stability and the environment
- Well-established brand
- Managing and positioning the group for the long term
- Balancing operational risk with financial risk while creating value for shareholders
- Cost and risk conscious.

STRONG CULTURE

- Strong entrepreneurial culture that stimulates extraordinary performance
- Passionate and talented people who are empowered and committed
- Depth of leadership
- Strong risk awareness
- Material employee ownership.

In order to deliver on our strategy we have identified five key strategic objectives outlined below:

THESE WILL ENABLE US TO SIMPLIFY, FOCUS AND GROW THE BUSINESS WITH DISCIPLINE.

Capital discipline	A more disciplined approach to capital allocation, particularly where businesses are non-core to overall long-term growth and capital strategy
Growth initiatives	Focus on growing our client base and building new sources of revenue
Improved cost management	Heightened rigour in identifying efficiencies in all areas of the business
Digitalisation	Enhancing digital capabilities to continue delivering an advanced high-tech, high-touch proposition
Greater Connectivity	Enhancing links among and between the Banking and Wealth & Investment businesses, across geographies

We are a domestically relevant, internationally connected banking and wealth & investment group

2 principal geographies

2 core areas of activity

8 700+ employees

£24.9 billion Core loans

£32.2 billion Customer deposits

£45.0 billion Third party FUM

Corporate / Institutional / Government / Intermediary

Specialist Banking

- Lending
- Transactional banking
- Treasury solutions
- Advisory
- Investment activities
- Deposit raising activities

Private client (HNW / high income) / charities / trusts

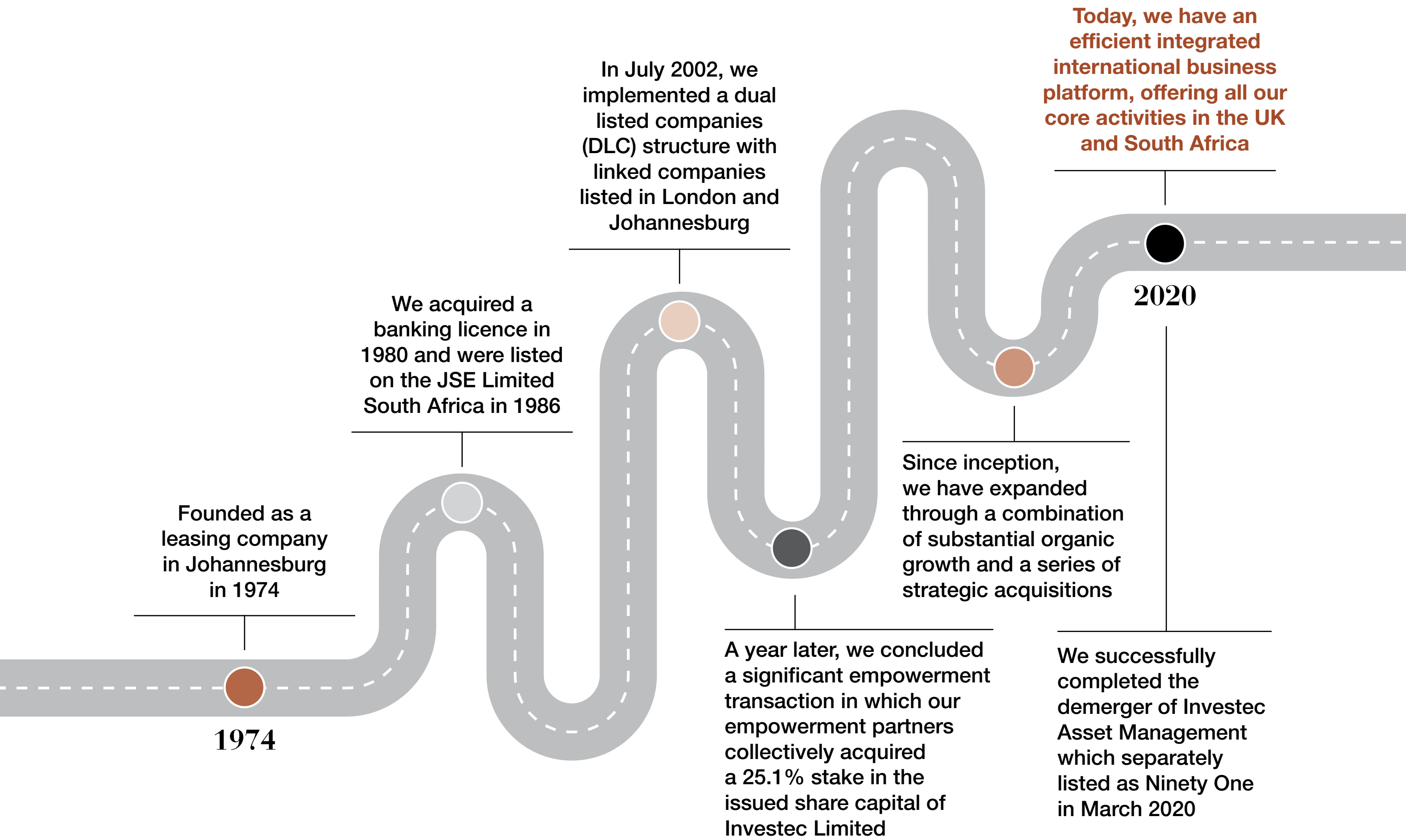
Wealth & Investment

- Discretionary wealth management
- Investment advisory services
- Financial planning
- Stockbroking / execution only

We have market-leading distinctive client franchises

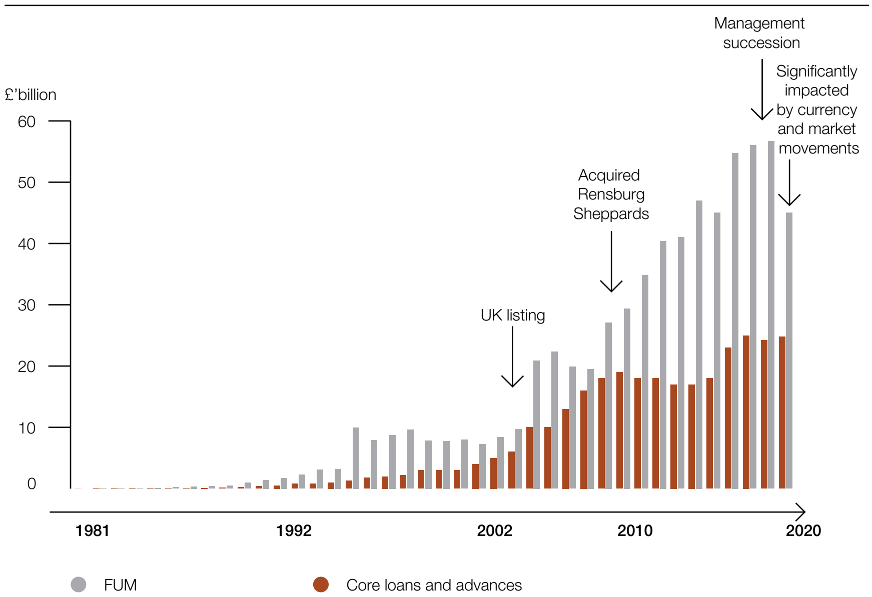
We provide a high level of client service enabled by advanced digital platforms

We are a people business backed by our out of the ordinary culture, and entrepreneurial spirit



A bank and investment manager with nearly 40 years of heritage

FUM and core loans and advances



- Focused on core markets
- Leading specialist client franchises
- Growing connectivity between the specialist bank and wealth business
- Well capitalised, lowly leveraged balance sheet
- Diversified mix of business by geography, income and business
- Highly scalable platform

Note: All figures on this page relate to continuing operations.

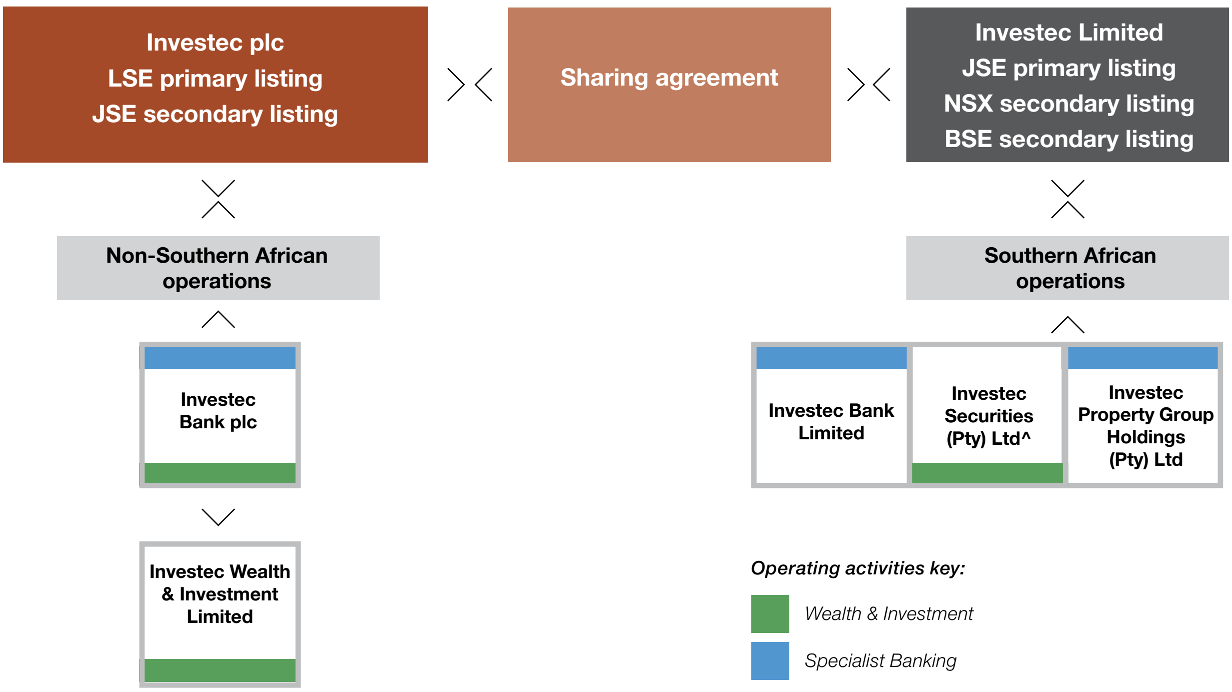
During July 2002, Investec Group Limited (since renamed Investec Limited) implemented a dual listed companies (DLC) structure and listed its offshore business on the London Stock Exchange (LSE).

In terms of our DLC structure, Investec Limited is the holding company of our businesses in South Africa and Mauritius, and Investec plc is the holding company of our non-Southern African businesses. Investec Limited is listed on the Johannesburg Stock Exchange Limited (JSE) South Africa (since 1986) and Investec plc on the LSE (since 2002).

All references in this report to Investec, the Investec group, or the group relate to the combined Investec DLC group comprising Investec plc and Investec Limited.

A circular on the establishment of our DLC structure was issued on 20 June 2002 and is available on our website.

Our DLC structure and main operating subsidiaries at 31 March 2020



All shareholdings in the ordinary share capital of the subsidiaries shown are 100%.

In March 2020, Investec completed the demerger and separate listing of Ninety One (formerly known as Investec Asset Management). Investec retained a 25% shareholding in the Ninety One group, with 16% held through Investec plc and 9% held through Investec Limited.

^ *Houses the Wealth & investment business.*

Further information on the demerger can be found on our website.

Salient features of the DLC structure

- Investec plc and Investec Limited are separate legal entities and listings, but are bound together by contractual agreements and mechanisms
- Investec operates as if it is a single unified economic enterprise
- Shareholders have common economic and voting interests as if Investec plc and Investec Limited were a single company
- Creditors, however, are ring-fenced to either Investec plc or Investec Limited as there are no cross-guarantees between the companies.

SUMMARY OF THE DEMERGER OF INVESTEC ASSET MANAGEMENT

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Following the group's management succession announcement in February 2018, the Investec board, together with the executive team, conducted a comprehensive strategic review to ensure that the **group is well positioned to serve the long-term interests of its stakeholders.**

Conclusions from the strategic review

- Investec comprises a number of successful businesses operating across two core geographies, with different capital requirements and growth trajectories
- Compelling current and potential linkages between the Specialist Banking and Wealth & Investment businesses (clear geographic and client overlap)
- Limited synergies between these businesses and Investec Asset Management.

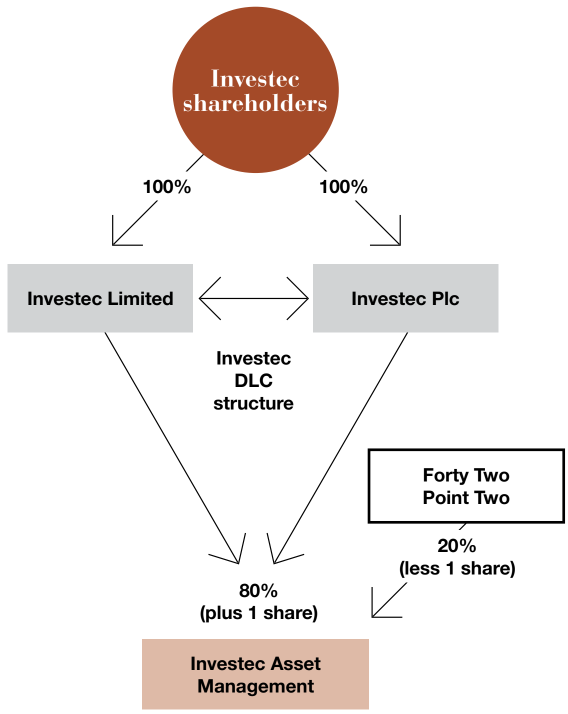
The board concluded that a demerger and separate listing of Investec Asset Management would **simplify the group** and allow both businesses to **focus on their respective growth trajectories;** resulting in **improved resource allocation, better operational performance and higher long-term growth.**

On 13 March 2020, Investec **successfully completed the demerger of its asset management business (Investec Asset Management),** which became separately listed as Ninety One on 16 March 2020.

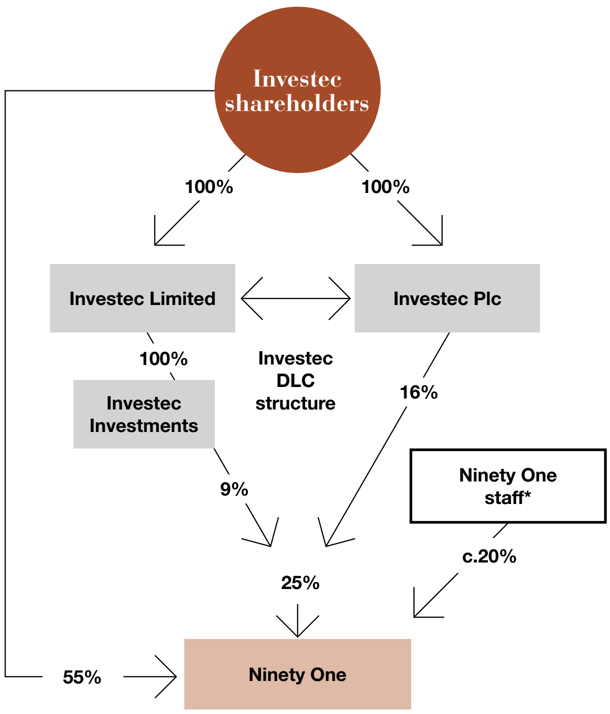
The effect of the demerger is to unbundle the asset management business from the Investec group and have two separately listed entitles.

- Prior to the demerger, the Investec group had an 80% shareholding in Investec Asset Management
- Pursuant to the demerger transaction, Investec distributed 55% of Ninety One to existing Investec shareholders. **Shareholders received one Ninety One share for every two Investec shares held**
- Investec decided not to proceed with its intended sell down of a 10% stake in Ninety One given market volatility at the time of Ninety One's listing
- Therefore, Investec **retained a 25% shareholding in Ninety One**. As a founding shareholder of Ninety One, the Boards of both Investec and Ninety One believe that it is appropriate for Investec to retain a modest shareholding in Ninety One. Investec believes Ninety One is an attractive business with meaningful intrinsic value. Retaining an equity stake allows Investec to participate in future value creation by Ninety One
- Investec's entire holding of Ninety One shares is subject to a lock up period of 180 days from the date of Ninety One's listing
- Approximately 20% of Ninety One continues to be held by Ninety One staff through Forty Two Point Two (the investment vehicle through which management and directors of Ninety One participate in the business), as well as Ninety One's employee benefit trusts.

PRE DEMERGER STRUCTURE:



POST DEMERGER STRUCTURE:



* *Consisting of Forty Two Point Two and Ninety One's employee benefit trusts*

Summary of financial impact

- Positive CET1 impact: Investec plc CET1 uplift of 0.59% and Investec Limited CET1 uplift of 0.40%
- Combined dividend capacity of Investec and Ninety One is unchanged as a result of the demerger
- The transaction resulted in a net gain for Investec of £806.4 million post taxation and transaction costs
- Accounting treatment: In FY2020, the results of the Ninety One group have been consolidated up to the effective date of the demerger (13 March 2020) and presented as discontinued operations. Thereafter, the retained 25% stake in the Ninety One group has been accounted for as an investment in associate and equity accounted within the earnings from continuing operations.

Further financial information on discontinued operations is provided on pages 194 to 195.

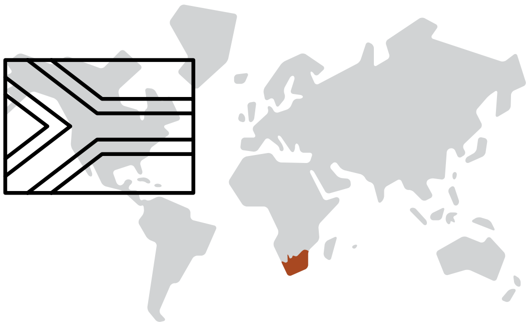
Demerger transaction documents

The **Demerger Circular** as well as all published documents and announcements related to the demerger can be found on the group's website.

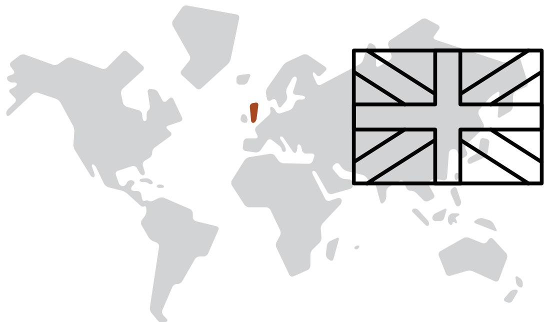
Demerger timeline of events:

- Announcement of demerger: 14 September 2018
- Publication of Shareholder Circular: 29 November 2019
- Publication of Ninety One Registration Document: 31 January 2020
- General and Court Meetings: 10 February 2020 (resolutions passed with a 98% majority)
- Publication of Ninety One Prospectus: 2 March 2020
- Effective date of the demerger: 13 March 2020
- Admission of Ninety One Shares to LSE and JSE: 16 March 2020.

Southern Africa



UK and Other



°Adjusted operating profit
£419.2 million

Southern Africa	UK and Other
£285.7 mn	£133.5 mn

Assets
£50.7 billion

Southern Africa	UK and Other
£25.9 bn	£24.7 bn

Total deposit book
£32.2 billion

Southern Africa	UK and Other
£16.9 bn	£15.3 bn

°Total net core loans
£24.9 billion

Southern Africa	UK and Other
£13.0 bn	£11.9 bn

Total assets under management
£45.0 billion

Southern Africa	UK and Other
£11.5 bn	£ 33.5 bn

Permanent employees
8 355

Southern Africa	UK and Other
4 483	3 872

Southern Africa		UK and Other
56.4%	°Cost to income ratio **68.2%**	78.0%
10.7%	°ROE **8.3%**	6.0%

Note: All figures on this page relate to continuing operations.

Wealth & Investment

Core client base and what we do

We provide investment management services and financial planning advice to private clients, charities and trusts

MARKET POSITIONING

Total funds under management
1997: £0.04 billion → 2020: £44.5 billion

A leading wealth manager in both our core geographies; UK and South Africa

Specialist Banking

Core client base and what we do

We offer a broad range of services including lending, transactional banking, treasury and trading, advisory and investment activities.
These services are aimed at government, institutional, corporate and high net worth and high-income clients

MARKET POSITIONING

Global core loan portfolio:
1981: £4.2 million → 2020: £24.9 billion

- Corporate and other clients: £11.0 billion
- Private clients: £13.9 billion

Global deposit book: £32.2 billion

°Adjusted operating profit (excluding group costs)
£473.0 million

Wealth & Investment	Specialist Banking
£89.9 mn	£383.1 mn

Permanent employees
8 355

Wealth & Investment	Specialist Banking
1 751	6 604

Assets under management

Discretionary	Non-discretionary
£33.6 bn	£10.9 bn

°Total net core loans

£24.9 bn

Total customer deposits

£32.2 bn

°Operating margin 22.2%

°ROE 26.7%

°Cost to income 61.2%

°ROE 8.6%

Note: All figures on this page relate to continuing operations.

OUR PERFORMANCE

2

Over the past year we have navigated through a challenging backdrop of weak economic fundamentals and extreme market dislocation in the final quarter. Our client franchises showed resilience and we maintained robust capital and liquidity levels.

We are pleased with the progress made on the strategic initiatives during the financial year, including the successful demerger and listing of the Asset Management business. As we move forward, despite the environment, we are focused on building our business for the long-term, managing risks prudently and are committed to supporting our clients and colleagues

Overview of financial performance

The financial year was characterised by weak economic fundamentals (Brexit-related uncertainties in the UK, geo-political tensions and persistent economic weaknesses in South Africa); exacerbated by the sudden and extreme COVID-19 related dislocation in global markets during the last quarter of the financial year.

Against this backdrop, the group reported adjusted operating profit of £608.9 million, 16.8% behind the prior year (2019: £731.9 million), and adjusted operating profit from continuing operations of £419.2 million, 24.1% behind the prior year (2019: £552.5 million). The impact of COVID-19 across operating income and expected credit losses, net of variable remuneration, was approximately £105 million (£50 million in the South African Specialist Bank and £55 million in the UK Specialist Bank).

The group navigated this challenging backdrop with its client franchises showing resilience. Core loans and advances were broadly flat at £24.9 billion but increased 9.2% in neutral currency. Customer deposits increased 2.9% to £32.2 billion (31 March 2019: £31.3 billion), up 12.6% in neutral currency. Funds under management recorded net inflows of £599 million.

Total operating income (before impairments) decreased 7.5% to £1,806.8 million (2019: £1,953.8 million). Growth in client-related revenues was offset by significantly lower investment and trading revenues impacted by the challenging economic environment.

Operating costs decreased 7.0% to £1,185.0 million (2019: £1,274.5 million) driven by cost containment across the business (fixed costs and variable remuneration) and normalised premises costs. The cost to income ratio from continuing operations of 68.2% (2019: 67.3%) was impacted by lower operating income. The credit loss ratio increased to 0.52% (2019: 0.31%), primarily driven by COVID-19 related expected credit losses.

COVID-19 impact

The effects of the ongoing COVID-19 pandemic on human life have been devastating. It has scarred our sense of personal safety, our national security and mental wellbeing. Its impact on the world economy has been unprecedented in both scale and speed.

First and foremost, we focused on the safety and wellbeing of our colleagues, providing them a safe environment to work from and providing support online in terms of physical, mental, emotional, social and financial wellbeing. We have transitioned into an agile and a digitally enabled workforce, with c.95% of our staff across the world able to work from home. We remain fully operational at all times and are able to provide an uninterrupted service to our clients.

To meet the challenges faced by our clients, we mobilised our balance sheet and expertise to assist in finding the financial solutions or restructuring advice to help them through this period.

We have been supportive of government initiatives to bolster the economies in which we operate. In the UK, we have been approved for accreditation under the UK's Coronavirus Business Interruption Loan Scheme (CBILS) with an 80% government guarantee. In South Africa, we are involved in the South African Future Trust (SAFT) extending direct financial support to the employees of SMMEs with turnover of over R25 million and the COVID-19 Loan Scheme offered to South African clients who have an annual turnover of over R300 million.

We have moved swiftly to support those communities hardest hit by the pandemic, providing support ranging from food relief to education. In total we have committed over £3.2 million (R70 million) in relief, supporting hundreds of thousands of our fellow citizens in desperate need. Our global executive team and board have heeded the call to make a solidarity contribution of 30% of salary for three months to charity.

Business performance

Specialist Banking

Southern Africa

The South African business generated adjusted operating profit of £276.4 million (2019: £310.3 million), a decline of 10.9% (8.5% in Rands) against the prior year. The core client franchises reported revenue growth with private client interest and overall fee income up year on year. This, together with well-contained costs (flat year on year), supported earnings. This was offset by the base effects of a large realisation in an associate entity in the prior year, as well as the impact of the COVID-19 pandemic. COVID-19 resulted in a reduction in net operating income of £56 million (through higher impairment charges and negative fair value adjustments on certain portfolios) partially offset by a reduction in variable remuneration of £6 million; resulting in an overall decrease in adjusted operating profit of £50 million due to COVID-19. The credit loss ratio increased to 0.38% (2019: 0.28%), with the increase primarily due to the deterioration of the macroeconomic scenarios (which were adjusted for COVID-19 and the South African sovereign downgrades). Pre COVID-19, the credit loss ratio was calculated at 0.21% for 31 March 2020. Net core loans increased by 6.5% to R288.9 billion (31 March 2019: R271.2 billion), with growth in private client lending partially offset by subdued corporate client activity. During the year, the business made progress in executing previously identified growth initiatives, including the launch of a transactional business banking offering and expansion of the private client base through our Young Professionals strategy. In addition, we are seeing client traction in the Investec Life and Investec for Business propositions. The transition to the FIRB approach at the start of the financial year enhanced our ability to price competitively. Our application to the South African Prudential Authority to implement the AIRB approach remains under review. Whilst strategies to reduce the equity investment portfolio are underway, the current environment is not conducive for asset realisations that optimise the value of these investments.

UK & Other

The UK business reported adjusted operating profit of £106.7 million (2019: £191.6 million), 44.3% behind the prior year, impacted by lower equity capital markets fees due to persistent market uncertainty throughout the year under review as well as the impact of the COVID-19 pandemic. The sudden and extreme market dislocation in March 2020, triggered by COVID-19, resulted in a reduction in net operating income of £99 million (through higher impairment charges, hedging losses from structured products of approximately £29 million, and negative fair value adjustments on certain portfolios) partially offset by a reduction in variable remuneration of £44 million; resulting in an overall decrease in adjusted operating profit of £55 million due to COVID-19. Operating costs excluding variable remuneration reduced by £31.6 million (a 6.9% decrease) year-on-year, reflecting a strong focus on cost discipline and normalised premises charges. In addition, variable remuneration was reduced as a consequence of a weaker performance, including the impact on performance from the COVID-19 pandemic. The credit loss ratio increased to 0.69% (2019: 0.38%), driven primarily by the impact of the COVID-19 pandemic (in the form of a provision overlay reflecting a deterioration in the macro-economic scenarios applied and a specific impairment provision). Pre COVID-19, the credit loss ratio was calculated at 0.34% for 31 March 2020. The lending franchises performed well, despite the challenging macroeconomic backdrop that prevailed throughout the year under review. Net core loans increased by 12.9% to £11.9 billion (31 March 2019: £10.5 billion). The Corporate and Investment Banking and Specialist International Lending franchises saw reasonable levels of origination and sell-down activity with good fee generation. The Private Banking business had good traction in target client acquisition, retail funding and mortgage book growth (up 36.1% since 31 March 2019).

Wealth & Investment

Overall assets under management for the year decreased by 19.2% to £44.5 billion (31 March 2019: £55.1 billion) impacted by the extreme market volatility in the last quarter of the financial year as well as the sale of the Irish wealth management business in October 2019. The business achieved net inflows of £599 million.

Southern Africa

The South African business performed well against a tough backdrop, with adjusted operating profit of £26.8 million (2019: £26.3 million) up 2.3% (5.7% in Rands). Revenue was supported by higher average assets under management and by our offshore offering, as clients continued to seek international investment opportunities. The operating cost increase of 8.9% was above inflation due to certain once-off personnel costs.

UK & Other

The UK & Other business achieved positive net organic growth in assets under management in the prior and current year, particularly in our core discretionary managed services, underpinning steady operating income. This is despite challenging industry trading conditions where clients remained cautious, resulting in lower growth rates in net new funds across the industry. Overall fee income was impacted by the sale of the Irish Wealth business in October 2019. Higher discretionary technology investment costs and regulatory levies were the notable drivers of the operating cost increase of 3.5%. Overall, the UK & Other businesses reported a 10.8% decrease in adjusted operating profit to £63.0 million (2019: £70.6 million), but with a marked improvement in the second half where adjusted operating profit decreased by 5.0% year on year, compared to the 16.2% decrease reported in the first half. The current operating environment requires the business to strike a balance between effective cost management and investing for the future. The business is committed to maintaining this balance and has put programmes in place to deliver on both objectives.

Review of risks

The group was able to maintain sound asset performance and risk metrics throughout the year in review despite the challenging macro backdrop in the UK and South Africa which was exacerbated by the impact of COVID-19 in the final quarter. The group's net core loan book remained broadly flat at £24.9 billion but increased 9.2% in neutral currency. Our risk appetite is unchanged and favours lower risk, income-based lending with exposures well collateralised and credit risk taken over a short to medium term. Our focus over the past few years to realign and rebalance our portfolios in line with our risk appetite framework is reflected in the mix between asset classes on our balance sheet; showing an increase in private client, mortgages and corporate and other lending, and reducing lending collateralised by property as a proportion of net core loans.

Asset quality metrics before the on-set of the COVID-19 pandemic reflected the solid performance of core loans. Pre-COVID-19, the group's credit loss ratio was calculated at 0.28% for 31 March 2020 (31 March 2019: 0.31%) however after incorporating the impact of COVID-19, the group reported an overall credit loss ratio of 0.52%. In the year under review, we have taken additional expected credit loss provisions due to COVID-19 in the form of a provision overlay reflecting a deterioration in the macro-economic scenario forecasts applied and a specific impairment provision in the UK, and a deterioration of the macro-economic scenarios in South Africa (which were adjusted for COVID-19 and the South African sovereign downgrades).

We continue to maintain appropriate capital and leverage ratios and ensure we have a high level of readily available, high quality liquid assets. The group has always held capital in excess of regulatory requirements and we are ahead of our own internal capital and leverage ratio targets. Completion of the demerger and listing of Ninety One resulted in an increase in the CET1 ratio of 40bps for Investec Limited and 59bps for Investec plc. Investec Limited adopted the FIRB approach effective 1 April 2019. Investec Limited's application for the conversion to AIRB is under review and if successful is expected to result in a circa 2% uplift to the CET1 ratio. Investec Limited's CET1 ratio includes a reduction of 85bps in the current year associated with our High Quality Liquid Assets and credit investment portfolios held at fair value through equity. This was a consequence of the sudden movement in credit spreads in March 2020, impacting valuations at 31 March 2020. More than half of this impact reversed post year end. In South Africa, on 6 April 2020, the South African Prudential Authority reduced the Pillar 2A capital requirement by 1% (0.5% in CET1), thereby increasing our surplus to regulatory requirements. As part of the Prudential Regulation Authority's (PRA) most recent Individual Capital Adequacy Assessment Process (ICAAP), the Investec plc Pillar 2A capital requirement was reduced from 1.51% to 1.12%. This together with the reduction in the UK Countercyclical Capital Buffer (CCYB) (which was reduced by the Financial Policy Committee in light of the current economic environment) has resulted in a lower CET1 regulatory minimum for Investec plc, substantially increasing our regulatory capital surplus.

We have always managed our balance sheet with a high level of readily available, high quality liquid assets. We have maintained a strong liquidity position throughout the year, primarily supported by growth in fixed term and notice retail customer deposits. Cash and near cash balances totalled £12.7 billion at 31 March 2020, amounting to 39.4% of customer deposits. The group comfortably exceeds the Liquidity Coverage Ratio and Net Stable Funding Ratio requirements in both the UK and South Africa.

Meeting regulatory obligations and ensuring the safety of our clients' wealth are key priorities for the group. We therefore continue to spend much time and effort managing our operational, reputational, conduct, recovery and resolution risks. Financial crime and cybercrime remain high priorities and we are continually strengthening our systems and controls in order to manage cyber risk and combat money laundering, fraud and corruption.

We expect the year ahead to be challenging as the economic recovery from the devastating effects of COVID-19 is likely to be protracted. Continuous and close management oversight of the loan portfolio with ongoing stress testing, scenario modelling and client engagement to mitigate emerging risk will be key. We entered this crisis with a robust balance sheet, characterised by a strong capital position, low gearing (strong leverage ratio) and good levels of liquidity which we continue to maintain.

Strategic execution

The group continued to make progress in its stated strategy to simplify and focus the business to create value over the long term:

- We completed the demerger and listing of Ninety One (previously Investec Asset Management)
- Decisive action was taken to restructure, close and sell non-core and subscale businesses. Material actions during the year included the closure of the Click & Invest operations, sale of the Irish Wealth & Investment business, restructure of the Irish branch, and the closure and rundown of the Hong Kong direct investments business
- These strategic actions, as well as the gain and costs incurred in relation to the demerger, resulted in an after-tax gain of £711.3 million (2019: £71.5 million loss) (refer to page 51 for detailed breakdown)
- Operating costs from continuing operations reduced by 7.0%. In the UK Specialist Bank, operating costs reduced by £95.9 million, of which fixed operating costs reduced by £31.6 million (6.9%) year on year

- We delivered loan book growth and client acquisition ahead of budget in the UK Private Banking business, with the mortgage book growing 36% year on year
- Whilst strategies to reduce the equity investment portfolio are underway, the current environment is not conducive for asset realisations as the group seeks to optimise the value of these investments.

Despite the environment we find ourselves in, we remain focused on delivering our strategy, achieving a sustained improvement in our key financial metrics and outcomes for all our stakeholders.

Board focus areas

The board focused on a number of areas during the year, including in particular; the execution of the strategy to simplify the business, overseeing the successful demerger and listing of the asset management business as detailed on pages 11 and 12, the board's composition, succession planning and recommendations from the board effectiveness review, as well as the board's oversight role on the implementation of the group's stated objectives such as ESG, diversity and simplification.

Since the previous annual report, the following board membership changes took place:

- Through the demerger, the departure of Hendrik du Toit and Kim McFarland, as joint chief executive officer and executive director respectively. The board offers its sincere thanks to Hendrik and Kim for their exemplary service, dedication and commitment to the group. They go with our very best wishes for their roles at an independent Ninety One, where Hendrik has become CEO and Kim chief financial officer (CFO), and we wish them every success
- Stephen Koseff and Bernard Kantor, who served as executive directors of the board, did not stand for re-election at the 2019 AGM. The board is grateful to Stephen and Bernard for their exemplary service, commitment and contribution to the group since the 1980s
- Ciaran Whelan was appointed as an executive director. The board announced its intention, subject to regulatory approval, to appoint Richard Wainwright as an executive director
- David van der Walt was appointed an executive director with effect from 1 April 2020. David stepped down as a director on 4 June 2020, ahead of his retirement from the group in December 2020. The board offers its sincere thanks to David for his long service, dedication and contribution to the group
- Cheryl Carolus and Laurel Bowden, who served as non-executive directors of the board, did not stand for re-election at the 2019 AGM. The board is grateful to Cheryl and Laurel for their dedication and contribution to the group, and wishes them well with their future endeavours
- Henrietta Baldock and Philisiwe Sibiya were appointed as independent non-executive directors.

These changes were delivered through planned and structured succession in order to bring new skills to the board, but to also provide continuity and retain knowledge within the organisation.

The preservation of the group's culture and values, and the monitoring of management performance against agreed measures and targets are part of the board's oversight. Our group-wide philosophy seeks to maintain an appropriate balance between the interests of all stakeholders, and thus this oversight is carried out mindful of our employees, society, our shareholders, the economy, and the environment. The details of the directors' engagement with our stakeholders can be found in the section 172 statement on pages 21 to 25.

The board regularly reviews its own effectiveness and undertakes a formal evaluation of its performance, its various committees and the individual directors on an annual basis. The board effectiveness review for 2019, which was internally facilitated, identified that there had been an improvement to the overall effectiveness of the board, in particular, within the context of the changes to the executive leadership team and the governance framework.

In preparation for the group's adoption of the UK Corporate Governance Code 2018, the board reviewed its corporate governance framework and considered our approach to workforce engagement, which resulted in the specific designation of a non-executive director to oversee workforce engagement. We have also continued to oversee the further enhancement of the independent governance structures of IBL and IBP.

In the coming year, a key focus for the board will be the consideration of the governance structure of the group following the demerger and separate listing of Ninety One. The board will also undertake a review of its composition to ensure that it remains appropriate for the group; that its members have the necessary skills, knowledge, experience and diversity required to conduct the affairs of the group.

We have seen a continued strong focus by the board and the DLC Social and Ethics Committee (SEC) on staff development particularly in respect of equality, belonging and inclusion. The board recognises that more needs to be done to increase the representation of women on the board. Female representation declined in the year, following Kim McFarland stepping down and onto the board of Ninety One (as a result of the demerger of Investec Asset Management).

A key focus area of the board most recently has been the impact of the COVID-19 pandemic on all our stakeholders, in particular our employees, our clients and our communities, as further detailed earlier in this report. The board will continue to meet regularly to ensure that responsibilities are fulfilled, appropriate support is provided, risks are carefully managed and potential opportunities are assessed as the group navigates these turbulent times.

Sustainability

The COVID-19 pandemic has highlighted the fragility of our economic systems and revealed the underlying inequality gaps evident between countries and within societies. At the same time, the pandemic has sparked a renewed consciousness and a willingness to respond to societal challenges. Sustainability matters were high on the corporate agenda before the pandemic but now the 2030 Agenda for sustainable development is more relevant than ever before.

Investec has been on this sustainability journey since inception. We are constantly building on our deeply held belief that we live in society, not off it. The success of our business requires a significantly more focused and deliberate approach to all sustainability considerations. Sustainability, including our solid and active participation in the UN Sustainable Development Goals (SDGs), is now embedded in our business strategy.

Over the past year, the executive and the board have taken a deeper role in actively engaging on various sustainability activities and opportunities. Marc Kahn, the global head of People, assumed executive responsibility for driving sustainability across the organisation. Our group CEO has been appointed to the UN Global Investors for Sustainable Development alliance, made up of 30 leading corporates and financial institutions across the world. The alliance aims to accelerate action to better integrate the SDGs into core business; to scale up sustainable investments globally, especially to countries most in need; and to align investment with sustainable development objectives.

Over the past year, good progress was made in terms of Investec Limited's transformation initiatives and we were voted one of South Africa's Top Empowered Companies by Impumelelo. Furthermore, group female senior leadership, an area we have been focusing on for some time, increased to 36.9% (2019: 35.6%) of total senior leadership. Gender and diversity remain a priority across all regions.

On environment and climate change, as part of our commitment to accelerate the transition to a low-carbon world, we took the decision to purchase carbon credits to neutralise the direct carbon impact of our operations and agreed to ongoing carbon neutrality. The board and DLC SEC were also pleased to approve a public group fossil fuel policy, addressing a key stakeholder concern. In terms of this policy, we will only consider funding fossil fuels under the strictest criteria. We agreed to disclose our fossil fuel exposures, which are currently 1.3% of group credit and counterparty exposures, and enhanced our reporting in terms of the TCFDs. In addition to limiting fossil fuel exposures, Investec's climate strategy is focused on working with clients and stakeholders to transition to a cleaner world. We deliberately fund and promote renewable and clean energy solutions.

Our investment in communities continued to focus on the core areas of education, entrepreneurship and job creation with community spend comprising 2.3% of operating profit (2019: 2.0%). Towards the end of the period, the group's leadership took swift action to respond to the COVID-19 crisis with care shown for employees and communities around the world. We committed £3.2 million (R70 million) to supporting COVID-19 relief for communities, particularly focusing on food security, healthcare, economic continuity and education.

In terms of overall sustainability performance, we remain in the top 15% in our industry in the Dow Jones Sustainability Investment World indices and top 6% in the financial services sector for the MSCI ESG rankings. We were also the winner of the Sustainability Award in the 17th Annual National Business Awards for 2019 and the Best Investment Bank for Sustainable Finance in Africa in the 2020 Global Finance Awards. While it makes us proud to receive this recognition, we are mindful that this is a journey and we continually need to strive for more when it comes to our ESG performance and socio-economic impact.

In the year ahead, we expect to see further action taken to shift the sustainability focus from policies and process to action on business opportunities. As part of our business strategy to create long-term value for stakeholders, we focus on offering profitable, impactful and sustainable products and services. During the past year, our asset finance business in the UK launched a sustainable energy finance arm to fund renewable energy assets, and in South Africa we launched the first structured product issued in the country over an Environmental World Index and are piloting a solar solution for our private bank clients. This is how we will continue to be a responsible corporate and create financial value that also delivers social value in a sustainable and inclusive way.

The material information relating to our sustainability efforts is included throughout volume one of the DLC integrated annual report. Further information is detailed in our group sustainability and ESG supplementary report which is available on our website.

Dividends

In light of regulatory guidance provided to banks in both South Africa and the UK, the board decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share (2019: 24.5 pence with a dividend cover based on the group's adjusted EPS of 2.5 times).

Outlook

The outlook remains fluid and difficult to forecast with any reasonable degree of certainty in the light of the COVID-19 pandemic. We expect the year ahead to be challenging as the economic recovery from the devastating effects of COVID-19 is likely to be protracted. Client activity is likely to be muted, interest income impacted by lower interest rates and impairments are likely to be elevated. As revenue pressures are likely to mount considering the prevailing economic backdrop, we remain focused on controlling costs and improving efficiencies. The longer-term impacts of this crisis are hard to judge at present, and may necessitate a review of the performance targets that were set for achievement in 2022. We are strategising for a "new normal" and will communicate further when in a position to do so.

The board will continue to meet regularly to ensure that all aspects of the challenges posed by COVID-19 are given our full attention. In the meantime, we remain focused on delivering our strategy and maintaining the integrity of our balance sheet; we are steadfast in our commitment to supporting our people, our clients and communities.

On behalf of the board of Investec plc and Investec Limited

PKO Crosthwaite.

Perry Crosthwaite
Chairman

Fani Titi
Joint Chief executive officer

(References to 'adjusted operating profit' in the text above relates to operating profit before taxation, goodwill, acquired intangibles, non-operating items and after other non-controlling interests).

This report provides an overview of our strategic position, performance during the financial year and outlook for the business. It should be read together with volume one and two of the Investec group's 2020 integrated annual report, which elaborate on the aspects highlighted in this review.

Building trust and credibility among our stakeholders is vital to good business

Section 172(1) statement

This section of the Strategic Report describes how the directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the directors' statement required under the Companies Act 2006 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018). This statement also provides details of how the directors have engaged with and had regard to the interests of our key stakeholders, as required under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) regulations 2018).

The board appreciates the importance of ensuring an appropriate balance in meeting the diverse needs and expectations of all the group's stakeholders and building lasting relationships with them.

The board recognises that effective communication and stakeholder engagement are integral in building stakeholder value and the board is committed to providing meaningful, transparent, timely and accurate financial and nonfinancial information to primary stakeholders as highlighted below.

The purpose is to help these stakeholders make meaningful assessments and informed investment decisions about the group.

In order to achieve these outcomes, the board promotes the presentation of a balanced and understandable assessment of the group's position by addressing material matters of significant interest and concern, highlighting key risks to which the group is exposed and responses to mitigate these risks.

Another objective is to show a balance between the positive and negative aspects of the group's activities in order to achieve a comprehensive and fair account of the group's performance.

The group's DLC structure, requires compliance with the disclosure obligations contained in the applicable listing rules of the UK Listing Authority (UKLA), the Johannesburg Stock Exchange (JSE) and other exchanges, on which the group's shares are listed, and with any public disclosure obligations as required by the UK regulators and the South African Prudential Authority. From time to time, the group may be required to adhere to public disclosure obligations in other countries where it has operations.

The Investor Relations division has a day-to-day responsibility for ensuring appropriate communication with stakeholders and, together with the Group Finance and Company Secretarial divisions, ensures that we meet our public disclosure obligations.

The board-approved policy statement is in place to ensure compliance with all relevant public disclosure obligations and uphold the board's communication and disclosure philosophy.

The board of directors oversees the following engagement with our stakeholders:

Employees*

- Designated non-executive director overseeing workforce engagement
- Staff updates and discussions hosted by CEO, executive directors and /or senior management
- Regular CEO staff communication including via email and other digital channels
- Induction training for new employees including a welcome from the CEO and senior management
- Group and subsidiary fact sheets
- Particular focus on employee well-being via regular digital communication in light of the COVID-19 impact
- Tailored internal investor relations presentations
- Dedicated comprehensive intranet
- Quarterly magazine

For further detail on employee engagement refer to pages 125 to 128.

Investors and shareholders

- Regular meetings with executive directors, senior management and investor relations
- Annual meeting with the chairman of the board, chairman of the remuneration committee, senior independent director (SID), investor relations, and group company secretarial
- Annual general meeting hosted by the chairman of the board with board attendance
- Two investor presentations and two pre-close investor briefing calls presented by the CEO and CFO
- Stock exchange announcements approved by relevant board representation
- Comprehensive investor relations website
- Investor roadshows and presentations
- Regular email and telephone communication
- Annual and interim reports.

Clients

- Meetings with senior management
- Client relationship managers in each business
- Regular face-to-face, telephone and email communications
- Comprehensive website and app
- Industry relevant events
- Client marketing events.

Rating agencies

- Meetings with executive management, group risk management and investor relations
- Tailored rating agency booklet
- Tailored presentations
- Regular email and telephone communications
- Annual and interim reports
- Comprehensive investor relations website
- Two results presentations and two pre-close briefing calls presented by the CEO and CFO

** Employees consists of permanent employees, temporary employees and contractors.*

Government and regulatory bodies

- Ongoing engagement with regulators, regular meetings are held between the chairman of the board, CEO, executive directors and the board with both the South African Prudential Authority and the UK Prudential Regulation Authority
- Active participation in a number of policy forums
- Engagement with industry consultative bodies.

Equity and debt analysts

- Two results presentations and two pre-close briefing calls presented by CEO and CFO
- Stock exchange Announcements approved by relevant board representation
- Comprehensive investor relations website
- Regular meetings with investor relations and executive management including the CFO
- Regular email and telephone communications
- Annual and interim reports.

Communities and NGOs

- Engage regularly with our community partners via in-person meetings, telephone/conference calls and emails
- Comprehensive community website and social media platforms to encourage participation
- Community partners and NGOs invited to collaborate at conferences and events.

Suppliers

- Centralised negotiation process
- Procurement questionnaires requesting information on suppliers' environmental, social and ethical policies
- The board has a zero tolerance approach towards any form of slavery in our supply chain. Our modern slavery policy can be found on our website.

ESG analysts and climate activists

- Regular communications on ad-hoc topics
- Annual sustainability report
- Comprehensive sustainability website
- Comprehensive ESG disclosures
- Sustainability factsheets.

ESG and Climate related focused industry bodies

- CEO is a member of the UN Global Investors for sustainable development alliance
- Regular and active participation in a number of ESG and climate forums
- Commitment to industry standards including TCFDs and PCAF
- Regular knowledge sharing on ESG industry standards.

Topical discussions with our stakeholders

Impact of the political and economic environment and the COVID-19 pandemic

Key for stakeholders is the resilience of our business model through varied economic cycles and through a crisis. Consequently stakeholders have wanted to understand the impact of the COVID-19 pandemic and the economic environment on the group. The 2020 financial year was characterised by challenging operating environments in both South Africa and the UK, ending with the sudden and extreme market dislocation resulting from COVID-19. Brexit, heightened UK political uncertainty, geopolitical tensions sparked by US trade wars, a technical recession in South Africa as well as sovereign credit rating downgrades, and finally the recent ongoing public health and economic effects of COVID-19, adversely impacted activity levels and financial performance over the past year.

Our businesses displayed resilience, delivering loan book growth, deposit growth and net inflows of funds under management; all underpinning client-driven revenues. However, this was offset by significantly lower investment and trading revenues, and higher than expected credit loss charges given the economic backdrop. We have disclosed the impact on our loan book and the changes to our macro-economic scenarios on pages 17 to 22 in volume two of the Investec group's 2020 integrated annual report; and have also provided a summary of the financial impact from COVID-19 on page 50.

The COVID-19 pandemic has had wide reaching impacts affecting our colleagues, our clients and our communities in various ways.

Our people have adapted quickly to the challenges and changes that have arisen from the prevailing conditions. The operational response of our business to the disruptions caused by COVID-19 was a robust, agile transition into remote working, enabling a seamless continuation of service to our clients. At the close of the financial year, approximately 95% of our employees across the world were working from home. An extensive wellbeing offering was implemented providing online support for staff across physical, mental, emotional, social and financial wellbeing. Weekly engagement with staff was conducted to measure productivity, ability to cope and extent of feeling supported. Refer to page 132 for further information on how we engaged with our people.

Our focus has also been on engaging with clients to ensure they receive the support they need and have come to expect from Investec. To meet the challenges faced by our clients, we mobilised our balance sheet and expertise to assist in finding the financial solutions or restructuring advice to help them through this period. At the time of reporting our results, we had provided COVID-19 relief to approximately 16 000 client cases in the UK and 3 500 client cases in South Africa.

From a community support perspective, the Global Executive Team and board members donated a portion of their salaries to charitable initiatives, including the Solidarity Fund in South Africa. Additionally, senior leaders and staff donated via salary deductions to various community initiatives focused on food security, economic continuity, healthcare and education. Refer to page 132 for further information on how we have supported our communities.

As a group, we acted decisively to support our employees, clients and communities through this crisis, reaffirming Investec's position that "we live in society, not off it".

Our risk appetite framework as set out on page 91 is assessed regularly in light of market conditions and group strategy. Our stress testing framework regularly tests our key vulnerabilities under stress and we are comfortable that we have robust risk management processes and systems in place. The group has always had a long-term strategy of building a diversified portfolio of businesses and geographies to support clients through varying markets and economic cycles and we remain confident with the resilience of our businesses. The group's viability statement can be found on pages 113 and 114.

The declaration of dividends in light of the current economic backdrop has also been an area of interest to shareholders, potential investors, and staff. In light of regulatory guidance provided to banks in both South Africa and the UK, the board decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share (2019: 24.5 pence). This has been effectively communicated and well understood by all key stakeholders.

Demerger and separate listing of Investec Asset Management

Numerous discussions and communications in relation to the demerger transaction were held with various stakeholders including regulators, investors, rating agencies and clients. The transaction was also put to shareholder vote and passed with a 98% majority.

On 13 March 2020, the group successfully completed the demerger of Ninety One (formerly known as Investec Asset Management), which became separately listed on 16 March 2020. This followed the group's initial announcement in September 2018 of its intention to simplify and focus the business, in pursuit of disciplined growth over the long term. The board is confident that the demerger and separate listing of Investec Asset Management will allow both businesses to have a sharper focus on their respective growth trajectories. This should result in improved resource allocation, better operational performance and higher long-term growth. For further detail on the demerger and separate listing of Investec Asset Management refer to pages 11 to 12.

Strategy execution

Shareholders have been particularly focused on the progress the group is making in respect of the strategic objectives presented at our capital markets day in February 2019. As such this has been a key focus area of the board over the past year. The board has overseen various strategic decisions taken by the group to make progress with its stated strategy to simplify and focus the business in pursuit of disciplined growth in the long term. Over the past year, the group completed the demerger of the Asset Management business as noted above, executed various actions relating to the closure, sale and restructure of certain non-core and subscale businesses (refer to page 51 for a detailed breakdown), reduced operating costs and delivered loan book growth and client acquisition ahead of budget in the UK Private Banking business. These strategic objectives and our ability to execute on them has been a key topic of discussion with stakeholders since the group presented them at our capital markets day in February 2019.

In this regard it has also been communicated to stakeholders that in light of the COVID-19 pandemic, the longer-term impacts of which are hard to judge at present, a review of the performance targets that were set for achievement in 2022 may be necessary. The board and senior management are strategising for a "new normal" and will communicate further with stakeholders when in a position to do so. In the meantime, we remain focused on delivering our strategy and achieving a sustained improvement in our key financial metrics and outcomes for all our stakeholders.

For further detail on the group's strategic focus and objectives refer to pages 6 to 7.

Shareholder dilution

The board consulted with major shareholders after the 2018 AGM where the resolutions granting directors' authority to allot shares were passed with a majority of less than 80%, given the concerns around the dilutive effect of the issuance of ordinary shares. Accordingly, these resolutions were not proposed at the group's 2019 AGM held on 8 August 2019. The last share issuance took place in July 2019. However, at the group's 2020 AGM, in light of the regulatory guidance issued in response to the COVID-19 pandemic which advises banks to conserve regulatory capital, suspend share buybacks and restrict the payment of cash bonuses to senior staff (including all material risk takers), the board will be seeking authority to allot 15 million ordinary Investec plc shares (around two percent of Investec plc's currently issued ordinary share capital), for the purposes of satisfying employee share awards. Any allotment using this authority will only be for the purposes of satisfying future employee share awards, and only to the extent that the company does not otherwise receive regulatory authority to purchase such ordinary shares from the market. Further detail on this resolution can be found in Investec's notices of AGMs.

Mandatory audit firm rotation

At the 2019 AGM, the resolution to re-appoint KPMG Inc. as joint auditors of Investec Limited passed with just below an 80% majority. The Investec Limited Audit Committee considered the views expressed by shareholders, the implications of mandatory audit firm rotation, the requirements of the South African Companies Act, and the implications of having joint auditors, managing audit quality and the risks inherent during a transition. Consequently, the Investec Limited audit committee has decided to commence the process by rotating one of the joint auditors effective from the financial year commencing 1 April 2023, with the remaining firm rotating two years thereafter in compliance with the IRBA requirements. A competitive tender process has commenced to appoint the audit firm to be rotated for the financial year commencing 1 April 2023. The conclusion of the tender process will be communicated publicly as soon as it is concluded.

General ESG engagement

We engage regularly with a range of stakeholders including shareholders, ESG analysts and rating agencies on a number of ESG topics that are relevant for our business.

In the past year:

- There was a specific interest in our approach to climate change and climate disclosures, as detailed below
- Fani Titi was appointed to the UN Global Investors for sustainable development alliance, made up of 30 leading corporates and financial institutions across the world. The alliance aims to accelerate action to better integrate the SDGs into core business; to scale up sustainable investments globally, especially to countries most in need; and to align investment with sustainable development objectives
- We increased our participation and collaboration in a number of industry-led bodies. For example, we participate in the Bankers Association of South Africa (BASA), of which Richard Wainwright is the chairman, Sustainable Finance Forum and Positive Impact Forum, and have representation in the climate risk working group with National Treasury
- In addition, we have signed up to support the Partnership for Carbon Accounting Financials (PCAF) and will have access to international best practice and be actively involved in the formulation of financial carbon reporting methodology.

Further information on our ESG initiatives and progress can be found in the group's corporate sustainability and ESG supplementary report available on our website.

Gender, diversity and transformation

Stakeholders remain interested in the progress made by Investec on a number of diversity issues, including workplace representation, board diversity and transformation in South Africa. In this regard a number of actions have been taken by the group.

We have a board diversity policy, setting out the targets for board composition in terms of gender and race. The board, cognisant of the Hampton-Alexander Review, set a target of 33% female representation on the board by the end of 2020, and as at 31 March 2020, there was a 25% representation of women on the board. In terms of ethnic diversity, as at 31 March 2020, there were 5 (36%) persons of colour (as defined by the Parker Review) on the board. The group also signed up to the Women in Finance Charter in the UK, pledging to promote gender diversity by having a senior executive team member responsible and accountable for gender diversity and inclusion, setting internal targets for gender diversity at senior management levels, publishing progress annually against these targets, and linking the pay of senior executives to delivery against these gender diversity targets. We are also a member of the 30% Club in South Africa and the UK.

The board recognises that more still needs to be done, in particular, in regards to the representation of women on the board, which has declined in the year. We remain committed to improving the diversity of the board, for a diverse board is and remains essential to the group, bringing indisputable benefits, including distinct and different outlooks, alternative points of view, and mind-sets able to challenge the status quo.

In addition, the group reported on its gender pay gap. We are confident that across our organisation men and women are paid equally for doing the same job. Our gender pay gap occurs primarily because there is a lower proportion of women in senior leadership and revenue-generating roles which attract higher market levels of pay. We are dedicated to improving our position in line with our commitment to further promote diversity.

Further information on our gender, diversity and transformation initiatives and progress can be found on pages 121 to 139 as well as in the group's corporate sustainability and ESG supplementary report available on our website.

Non-financial reporting

The recommendations of the Financial Stability Board's TCFDs continue to gain traction with the UK PRA releasing a supervisory statement requesting banks and insurers to enhance their climate disclosures. The BOE published a discussion paper with proposals to test the resilience of the largest banks, insurers and the financial system to different possible climate pathways. The Australian Prudential Regulation Authority (APRA) is also developing a climate change financial risk prudential practice guide and will be seeking to undertake a climate change financial risk vulnerability assessment.

As a signatory of the TCFDs, we have included a summary of our climate risk position on page 76 in volume two of the Investec group's 2020 integrated annual report and detailed TCFD disclosure is available on our website. This is a long-term process; we will continue to enhance our disclosure over time in line with industry guidelines, and best practice.

We have seen a heightened awareness of the SDGs with various internal and external stakeholders. Investec remains committed to building a more resilient and inclusive world and finding opportunities within our businesses to maximise our impact. We are actively involved in many industry initiatives including the Positive Impact Finance committee through BASA where we are developing a standardised approach to disclose the banking sectors' contribution to the SDGs. The group CEO, Fani Titi, signed up to the United Nations (UN) CEO Alliance on Global Investment for Sustainable Development (GISD) in April 2019. The GISD, convened by the UN, aims to secure investment from the private sector to finance the goals. We report on our progress and performance in terms of the global goals in our group sustainability and ESG supplementary report on our website.

Climate engagement

Stakeholders have been increasingly concerned as to how banks are managing and mitigating climate consequences and if those risks are quantified within their disclosures. We have also seen pressure from many regulatory authorities including the South African National Treasury, the UK PRA and the BOE to move climate disclosures from voluntary to mandatory reporting. Investec proactively engaged with over 50 stakeholders across all jurisdictions to ascertain expectations and views on climate issues. The broad concerns were around board responsibility, climate related policies, transparency of climate disclosures and the impact of transitioning to a low carbon economy. This feedback was consolidated and a number of actions taken:

- The DLC board takes ultimate responsibility for climate related issues, supported by a board approved SEC. This structure has been in place for many years and was strengthened to include senior executive responsibility for identifying and managing climate-related risks
- Tanya dos Santos was appointed as Investec's Global Head of Sustainability on 4 June 2020. Tanya has been leading our efforts with regard to climate change for many years and brings extensive expertise and experience to this area
- We strengthened our climate change statement to make it clear that we align with the Paris Agreement goals and acknowledge the urgency and need to accelerate action.
- After extensive process, we made our group fossil fuel policy public, the first bank in South Africa to do so
- We disclose our fossil fuel exposures on pages 138 and 139 as well as in the 2020 group sustainability and ESG supplementary report on our website. We also include an analysis of project finance related transactions in terms of the Equator Principles for the first time in our 2020 group sustainability and ESG supplementary report. In addition, our position in terms of ESG classifications is disclosed in the Investec group's TCFD report available on our website.
- Within our businesses, we are actively engaging with our clients to assist in transitioning to a low carbon economy
- Looking forward, our risk teams are analysing our climate positions across portfolios and will be assessing our exposure as the relevant climate scenarios and methodologies become available.

Executive remuneration

In 2018 we engaged in an extensive consultation exercise with our key shareholders, to assist us in designing our new remuneration policy. Following positive and constructive engagement with our key shareholders we implemented a significant number of changes requested by our shareholders, including reducing the like-for-like target remuneration opportunity by approximately 30% by, *inter alia*, increasing the target metrics. In addition, the fixed remuneration for the incoming CEO was reduced by 10%.

We consulted again with shareholders in February and July 2019, where we received support to technically amend the performance measures and metrics due to the pending demerger of Investec Asset Management. Through that process, we further reduced total "at target" and "at stretch" remuneration for the CEO (and other executive directors) of the remaining Investec business at roughly 10% lower than the current remuneration scheme. Overall, shareholders provided positive feedback on the changes made and on the level of detail and clarity of the disclosure. However, some of the group's shareholders, whilst acknowledging these positive aspects, believed that the overall quantum of pay is too high relative to South African peers. The Investec group is an international business, and as such the Remuneration Committee believes it is appropriate to benchmark executive remuneration against a set of international peers, including South African competitors. Despite the group's active engagement on these matters, certain of the group's shareholders decided to vote against the remuneration report at the AGM in 2019.

We will again be engaging with our key shareholders ahead of our AGM in August 2020 where we will discuss key remuneration issues for the financial year ended 31 March 2020, and the expected approach for the next financial year as detailed in the remuneration report. We will also engage in an extensive consultation exercise with our key shareholders over the next 12 months as we develop our revised remuneration policy, which is scheduled to be presented to shareholders for approval at the AGM in August 2021. Further information on our remuneration policy can be found in our remuneration report on pages 179 to 237 of volume one of the Investec group's 2020 integrated annual report.

Inputs

Human capital

We invest significantly in our people to grow talent and leadership. We provide a safe and healthy work environment that values physical as well as psychosocial well-being.

Intellectual capital

We leverage our expertise and specialist financial skills to provide bespoke solutions for clients. We maintain a diversified portfolio of businesses to support performance through varying economic cycles.

Social and relationship capital

We leverage key stakeholder relationships to enhance our impact on society and the macro-economy. We contribute to society through our community programmes and are committed to transformation and youth employment in South Africa.

Natural capital

We support the transition to a low-carbon economy. We recognise the complexity and urgency of climate change and actively seek opportunities that have a meaningful impact in addressing climate change.

Technological capital

We leverage technology to modernise the business and create a digital, connected workplace. We have digitalised client platforms and drive innovation by partnering with fintechs.

Financial capital

We create sustained long-term wealth by building resilience in earnings and growing our core businesses.

Process

Business model and strategy

- **We strive to be a distinctive bank and investment manager, driven by commitment to our core philosophies and values**
- **We aim to create long-term value for all stakeholders**
- Doing well and doing good **by delivering profitable, impactful and sustainable solutions.**

Our long-term commitment is to One Investec; a client-focused strategy where, irrespective of specialisation or geography, we commit to offering our clients the full breadth and scale of our products and services.

Corporate / Institutional / Government / Intermediary

Private client (HNW / high income) / charities / trusts

Specialist Banking

Wealth & Investment

We have market-leading specialist client franchises

We provide a high level of client service enabled by leading digital platforms

We are a people business backed by our out of the ordinary culture, entrepreneurial spirit and freedom to operate

Strategic focus for the next year

- **Managing liquidity, capital and balance sheet risk**
- **Cost control**
- **Monitoring credit exposures**
- **Continued support of staff, clients and society**
- **Integrating sustainability throughout our business**
- **Building for the long term.**

In the short term, our objective is to simplify, focus and grow the business with discipline.

Informed by regular stakeholder engagement

Refer to pages 22 to 26

Supported by strong risk management and governance culture

Refer to DLC Vol 2 pages 11 and 12

Outputs	Outcomes	SDGs

Human capital
• Staff participating in employee wellness initiatives
  • SA: 3 529 (79% of permanent employees) (2019: 70%)
  • UK: In excess of 1 650 (2019: 785)
• Learning and development as a % of staff cost is 1.7% (2019: 1.7%) (target: >1.5%)
• Total staff turnover
  • Southern Africa: 10.6% (2019: 9.4%)
  • UK: 13.7% (2019: 11.7%)
• All employees participate in culture and values dialogues
• 48% female employees and 37% females in senior management positions
	• Safe and healthy work environment that values physical as well as psychosocial well-being
	• Growth in talent and leadership
	• Retained and motivated staff through appropriate remuneration and rewards structures
	• A values-driven culture supported by strong ethics and integrity
	• Diversity, equity, inclusion and belonging at all levels
		4
		10
		16

Intellectual capital • Annuity income as a percentage of operating income is 77.2% (2019: 69.1%) • Credit loss ratio of 0.52% due to COVID-19 related expected credit losses • Enhanced our ESG policies, processes and reporting	• Diversified revenue streams that support long-term performance • Risk management expertise leveraged to protect value • Solid and responsible lending and investing activities	16
Social and relationship capital • Customer accounts up 2.9% (up 12.6% in neutral currency) • Wealth & Investment net inflows of £599 million • 2.3% community spend as a % of operating profit of which 77% was on education, entrepreneurship and job creation • Voted one of South Africa's Top Empowered Companies by Impumelelo	• Deep durable relationships with our clients and created new client relationships • Invested in our distinctive brand and provided a high level of service by being nimble, flexible and innovative • Contributed to society through our numerous community programmes and through our SDG activities • Committed to transformation and youth employment in South Africa	4 8 10 17
Natural capital • 1.3% exposure to fossil fuels as a % of gross credit and counterparty exposures • Achieved carbon neutral status in all our operations and committed to ongoing carbon neutrality • Reached 12.1 million people through four Rhino Lifeline campaigns and raised R2 million in third party donations • Enhanced reporting on TCFDs and Equator Principles	• Transition to a low-carbon economy through funding and participating in renewable energy • Limit our direct operational carbon impact • Protect biodiversity through various conservation activities • Aligned with the Paris Agreement	11 13 15 17
Technological capital • 18.9% of total operating costs relates to IT spend • One in every four staff members is an IT specialist • >95% of staff working from home during COVID-19 • Made targeted investments in AI capabilities • New RPA technologies embedded to optimise operations • Launched a programmable bank account for developers in South Africa • Launched Investec IX, a corporate digital platform in the UK	• International platform for clients with global access to products and services which is both high-tech and high-touch • Optimise our value chain and drive efficiencies • Build an open banking platform as a channel to seamlessly integrate with fintechs	9 11 17
Financial capital • Operating income down 7.5% to £1 806 million and adjusted earnings per share down 30.4% to 33.9p • Core loans up 9.2% in neutral currency, customer deposits up 2.9% and net inflows of £599 million • Common equity tier 1 ratio of 10.7% for Investec plc and 10.9% for Investec Limited • Credit loss ratio increased to 0.52% from 0.31% to cater for COVID-19 • Completed demerger and executed various actions relating to the closure, sale and restructure of certain non-core and subscale businesses	• Client franchises have shown resilience • Strong balance sheet with robust capital and liquidity levels • Increased provisioning levels and continue to monitor credit exposures • Progress made on strategic initiatives	16

For more information on the SDGs refer to our 2020 group sustainability and ESG supplementary report.

Value added statement

£'000	31 March 2020	31 March 2019^
Net income generated – total group		
Interest receivable	2 700 147	2 637 505
Other income	1 445 508	1 620 700
Interest payable	(1 845 416)	(1 815 173)
Other operating expenditure and impairments on loans	(394 729)	(452 667)
Financial impact of group restructures (pre-tax)	(114 982)	(80 184)
Gain on distribution of Ninety One shares (pre-tax)	820 233	(6 690)
	2 610 761	**1 903 491**
Distributed as follows:		
Employees: Salaries, wages and other benefits	722 085	718 607
Communities: Spend on community initiatives	10 789	9 862
Government: Corporation, deferred payroll and other taxes	657 815	604 176
Shareholders:	985 996	282 596
Dividends to ordinary shareholders	244 323	238 072
Dividends to perpetual preference and Other Additional Tier 1 security holders	43 819	44 524
Distribution to shareholders	697 854	–
Retention for future expansion and growth:	234 076	288 250
Depreciation	35 886	33 782
Retained income	198 190	254 468
Total	**2 610 761**	**1 903 491**

^ *Restated as detailed on page 52.*

Ratings and rankings in the sustainability indices

We have maintained our inclusion in a number of world-leading indices.

Dow Jones Sustainability Indices: **Top 15%** in the global diversified financial services sector

JSE: **Top 30** in the FTSE/JSE Responsible Investment Index

FTSE Russell: **Included** in the **FTSE UK 100 ESG** Select Index (out of 641 companies)

STOXX Global ESG Leaders: **1 of 43** banks and financial services in the Global ESG Leaders (total of 439 components)

MSCI: **Top 6%** scoring AAA in the financial services sector in the MSCI ESG Research

CDP: **Score B** against an industry average of C

Sustainalytics: **Top 20%** of globally assessed companies in the Global Sustainability Leaders Index

ISS ESG: **Top 20%** of the ISS ESG Global Universe and **Top 14%** of diversified financial services

Awards

Best Investment Bank for Sustainable Finance in Africa in the 2020 Global Finance Awards

Winner of the Sustainability Award in the 17th Annual National Business Awards 2019

Winner of the Trialogue Strategic CSI Award 2019 for the Promaths programme

An overview of the principal risks relating to our operations

The most material and significant risks we face, which the board and senior management believe could have an impact on our operations, financial performance, viability and prospects are summarised briefly below with further details provided in volumes one and two of the Investec group's 2020 integrated annual report. The board, through its various sub-committees, has performed a robust assessment of these principal risks. Regular reporting of these risks is made to senior management, the executives and the board at the DLC BRCC.

The board approved risk appetite frameworks are provided on page 91. The board recognises that, even with sound appetite and judgement, extreme events can happen which are completely outside of the board's control. It is, however, necessary to assess these events and their impact and how they may be mitigated by considering the risk appetite framework if necessary. It is policy to regularly carry out multiple stress testing scenarios which, in theory, test extreme but plausible events and from that assess and plan what can be done to mitigate the potential outcome.

The group has policies and processes in place to address the principal risks set out below. The due diligence on these processes is also monitored by internal audit as set out on page 92 in volume two of the Investec group's 2020 integrated annual report.

The **financial services industry** in which we operate is intensely competitive.

Market, business and general economic conditions and fluctuations could adversely affect our business in a number of ways.

We may be exposed to **country risk** i.e. the risk inherent in sovereign exposure and events in other countries.

Credit and counterparty risk exposes us to losses caused by an obligor's failure to meet the terms of any agreement.

Unintended **environmental (including climate risk), social and economic risks** could arise in our lending and investment activities.

We may be exposed to **investment risk** in our unlisted and listed investment portfolios and property investment activities.

Market risk arising in our trading book could affect our operational performance.

Liquidity risk may impair our ability to fund increases in assets or to meet our payment obligations as they fall due.

Our net interest earnings and net asset value may be adversely affected by **interest rate risk.**

Operational risk from failures relating to internal processes, people, systems or from external events may disrupt our business or result in regulatory action.

We may be **vulnerable to the failure of our systems** and breaches of our security systems (including cyber and information security).

We may be exposed to **financial crime**, including money laundering, terrorist financing, bribery, fraud, tax evasion, embezzlement, forgery, counterfeiting, and identity theft.

Reputational, strategic and **business risks** could impact our operational performance.

Compliance, legal and regulatory risks may have an impact on our operations, business prospects, costs, liquidity and capital requirements.

Conduct risk is the risk that inappropriate behaviours or business activities may be detrimental to our values, culture and ethical standards, or lead to reputational and/or financial damage.

We may have insufficient capital to meet regulatory requirements and may deploy capital inefficiently across the group.

We may be unable to **recruit, retain and motivate key personnel.**

Cyber risk can result in data compromise, interruption to business processes or client services, material financial losses, or reputational harm.

Financial performance

Adjusted operating profit**	**2020** **£419.2mn** **2019*** **£552.5mn**
Adjusted earnings attributable to shareholders^	**2020** **£320.7mn** **2019*** **£458.8mn**
Adjusted earnings^ per share	**2020** **33.9p** **2019*** **48.7p**
Return on equity (post tax)	**2020** **8.3%** **2019*** **12.0%**

* *Restated as on page 52.*
** *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests.*
^ *Before goodwill, acquired intangibles, non-operating items and after non-controlling interests and deduction of preference dividends.*

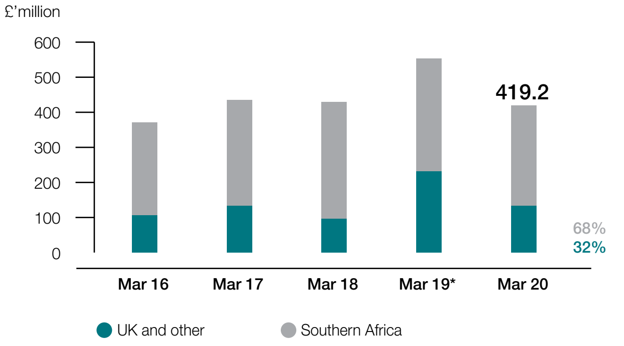
The group navigated a challenging economic backdrop with resilient client franchises

- The group's client franchises showed resilience over the year evidenced by strong loan book and customer deposit growth in neutral currency, and net inflows from the Wealth & Investment business
- This was attained in a financial year characterised by weak economic fundamentals (Brexit-related uncertainties in the UK, geo-political tensions and persistent economic weakness in South Africa); exacerbated by the sudden and extreme COVID-19 related dislocation in global markets during the last quarter of the financial year
- The Specialist Banking business delivered a satisfactory performance from lending franchises which supported growth in net interest income. This was offset by weak equity capital markets activity, lower associate income and the effects of COVID-19 which negatively impacted investment income, trading income and impairments. Operating costs reduced reflecting a strong focus on cost discipline
- The Wealth & Investment business achieved net inflows and higher average assets under management supporting stable revenue. Results were impacted by increased costs primarily from higher regulatory levies and discretionary technology spend to support growth over the long term
- Overall adjusted operating profit from continuing operations decreased to £419.2 million (2019*: £552.5 million)
- Earnings attributable to shareholders decreased to £320.7 million (2019*: £458.8 million), impacted by the costs associated with strategic actions taken to restructure, close and sell non-core and subscale businesses (as detailed on page 51).

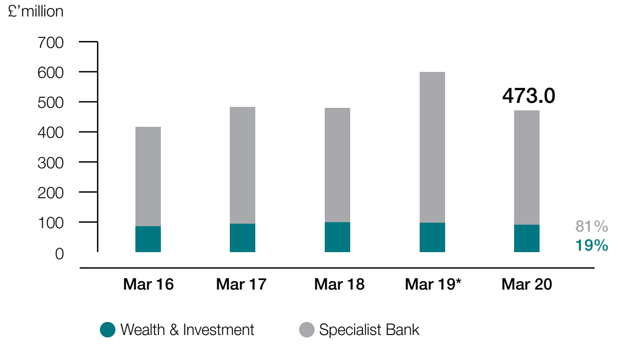
We have a diversified business model

We have built a solid international platform, with diversified revenue streams and geographic diversity

Adjusted operating profit (including group costs)

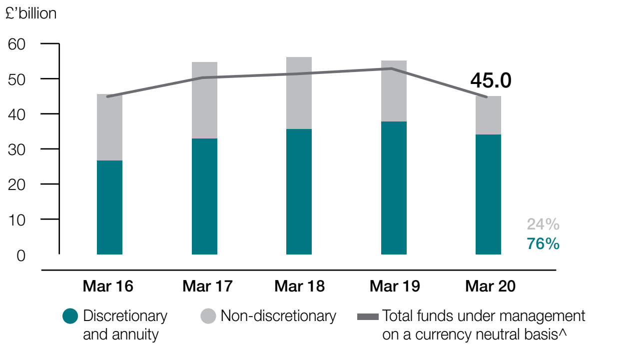


Adjusted operating profit (excluding group costs)

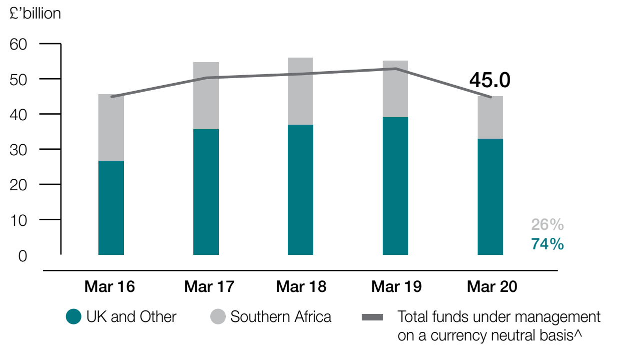


We continue to grow our key earnings drivers; overall levels impacted by currency and market movements

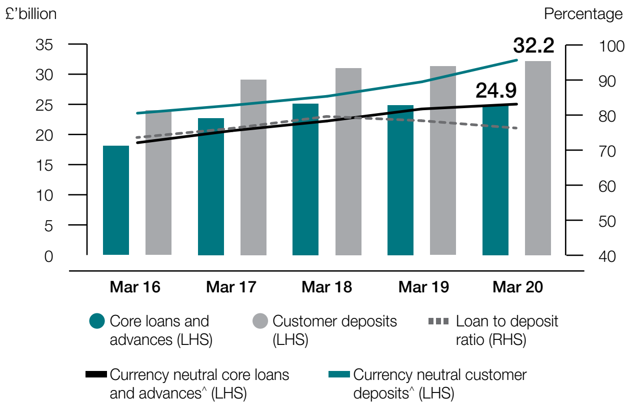
Funds under management



Funds under management by geography



Core loans and customer deposits

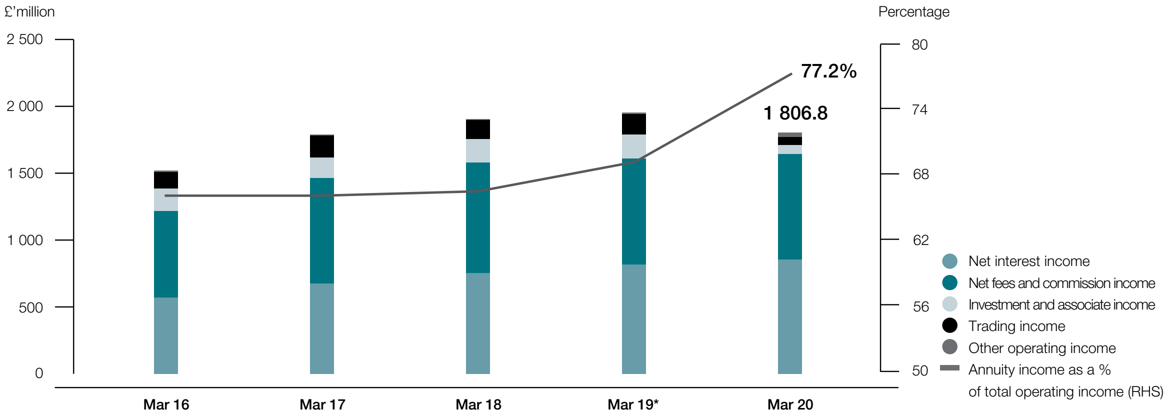


^ *This trend line is shown on a currency neutral basis using the closing Rand: Pound Sterling exchange rate applicable at 31 March 2020.*

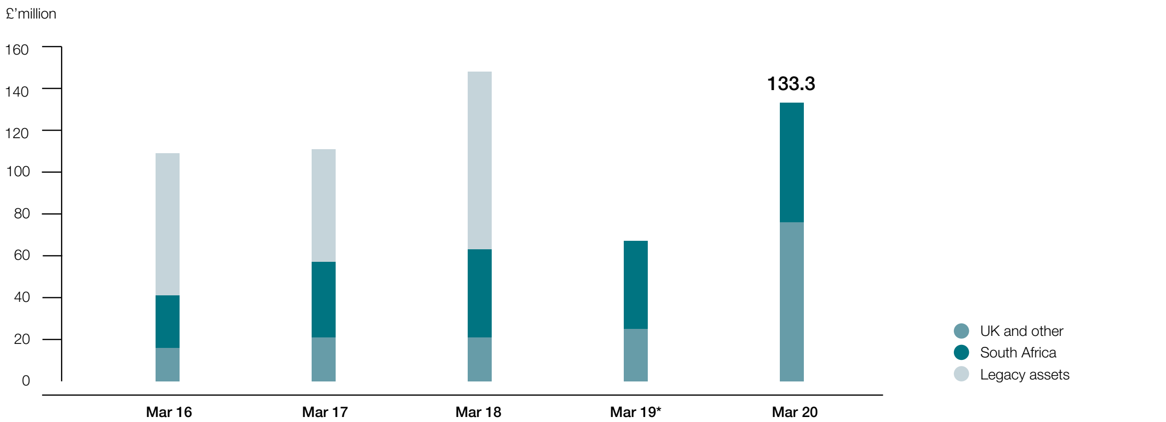
* *The 2019 financial year information has been restated to exclude the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures (as detailed on pages 51 to 52) in order to ensure a like-for-like basis with the 2020 financial year information. All other prior years have not been restated.*

Revenue and credit losses impacted in current year by tough economic backdrop exacerbated by COVID-19

Total operating income

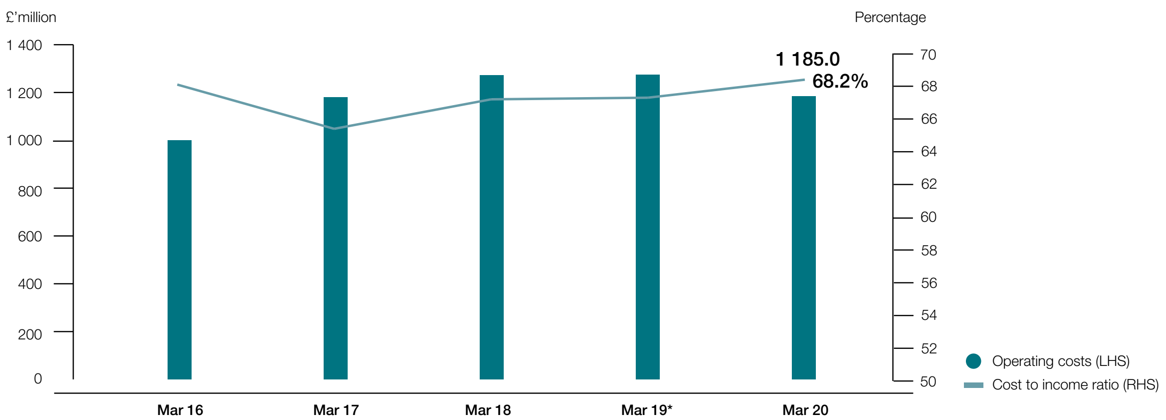


Credit loss impairment charges



Progress has been made in reducing operating costs in line with our strategic priority

Operating costs and cost to income ratio



* *The 2019 financial year information has been restated to exclude the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures (as detailed on pages 51 to 52) in order to ensure a like-for-like basis with the 2020 financial year information. All other prior years have not been restated.*

Maintained a sound balance sheet

The intimate involvement of executive management ensures stringent management of risk, capital and liquidity as set out below

Capital management

Capital and leverage ratios remain sound, ahead of internal targets and regulatory requirements.

We are comfortable with our common equity tier 1 ratio target at 10.0% given our solid capital light revenues, and with our current leverage ratios for Investec Limited and Investec plc at 6.4% and 7.8% respectively.

Capital ratios

	31 March 2020	31 March 2019
Investec plc- Standardised		
Total capital ratio – as reported*	14.9%	15.7%
Tier 1 ratio – as reported*	12.4%	12.6%
Common equity tier 1 ratio – as reported*	10.7%	10.8%
Common equity tier 1 ratio – 'fully loaded'	10.3%	10.4%
Leverage ratio – current	7.8%	7.9%
Leverage ratio – 'fully loaded'	7.4%	7.5%
Leverage ratio – current UK leverage ratio framework**	8.9%	10.%
Investec Limited^- FIRB		
Total capital ratio – as reported	15.0%	16.0%
Tier 1 ratio – as reported	11.5%	12.4%
Common equity tier 1 ratio – as reported	10.9%	11.6%
Common equity tier 1 ratio – 'fully loaded'	10.9%	11.6%
Leverage ratio – current^^	6.4%	7.4%
Leverage ratio – 'fully loaded'	6.3%	7.2%

Where FIRB is Foundation Internal Ratings Based approach

* *The reported CET1, tier 1 and total capital adequacy ratios are calculated applying the IFRS 9 transitional arrangements.*

** *Investec plc is not subject to the UK leverage ratio framework, however, for comparative purposes this ratio has been disclosed. This framework excludes qualifying central bank balances from the calculation of the leverage exposure measure.*

^ *We received approval to adopt the FIRB approach, effective 1 April 2019. We therefore also presented numbers on a proforma FIRB basis for 31 March 2019.*

^^ *Investec Limited's CET1 ratio includes a reduction of 85bps associated with our High Quality Liquid Assets and credit investment portfolios held at fair value through equity. This was a consequence of the sudden movement in credit spreads impacting valuations at 31 March 2020. More than half of this impact reversed post year end.*

Note: Refer to page 59 for further details.

A well-established liquidity management philosophy remains in place

Continued to focus on:

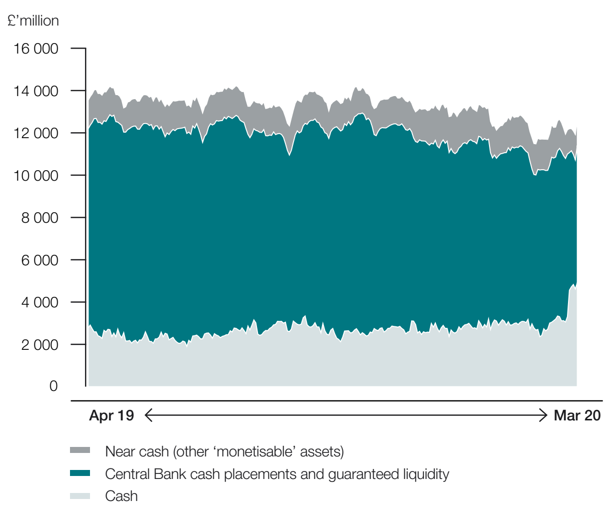
- Maintaining a high level of readily available, high-quality liquid assets targeting a minimum cash to customer deposit ratio of 25%, with the year-end ratio° at 39.4%
- Diversifying funding sources
- Maintaining an appropriate mix of term funding
- Limiting concentration risk
- Maintaining low reliance on wholesale funding
- Continuing to benefit from a growing retail deposit franchise and recorded an increase in customer deposits.

Liquidity remains strong with cash and near cash balances amounting to £12.7 billion (2019: £13.3 billion).

We exceed the minimum regulatory requirements for the liquidity coverage ratio and net stable funding ratio.

The group's loan to deposit ratio° was: 76.3% (2019: 78.4%)

Cash and near cash trend



Salient features

All income statement related items shown below have been reflected on a Continuing operations basis, unless otherwise specified.

	31 March 2020	31 March 2019*	% change
Income statement and selected returns			
Adjusted earnings attributable to ordinary shareholders (£'000)-Total group	439 862	573 896	(23.4%)
Adjusted earnings attributable to ordinary shareholders (£'000)	320 650	458 844	(30.1%)
Headline earnings (£'000)-Total group	276 118	495 616	(44.3%)
Headline earnings (£'000)	203 490	386 897	(47.4%)
Adjusted operating profit (£'000)-Total group	608 918	731 858	(16.8%)
Adjusted operating profit (£'000)	419 159	552 496	(24.1%)
Cost to income ratio	68.2%	67.3%	
Staff compensation to operating income ratio	45.5%	46.6%	
Return on average shareholders' equity (post-tax)-Total group	11.0%	14.2%	
Return on average shareholders' equity (post-tax)	8.3%	12.0%	
Return on average tangible shareholders' equity (post-tax)-Total group	12.2%	16.1%	
Return on average tangible shareholders' equity (post-tax)	9.2%	13.3%	
Return on average risk-weighted assets-Total group	1.38%	1.71%	
Return on average risk-weighted assets	1.01%	1.37%	
Net interest income as a % of operating income	47.2%	41.8%	
Non-interest income as a % of operating income	52.8%	58.2%	
Annuity income as a % of total operating income	77.2%	69.1%	
Effective operational tax rate-Total group	14.8%	12.2%	
Effective operational tax rate	11.9%	9.1%	
Balance sheet			
Total assets (£'million)	50 656	57 724	(12.2%)
Net core loans and advances (£'million)	24 911	24 941	(0.1%)
Cash and near cash balances (£'million)	12 683	13 288	(4.6%)
Customer accounts (deposits) (£'million)	32 221	31 307	2.9%
Third party assets under management (£'million)#	45 018	55 754	(19.3%)
Gearing ratio (assets excluding assurance assets to total equity)	10.3x	9.4x	
Core loans to equity ratio	5.1x	4.8x	
Loans and advances to customers as a % of customer deposits	76.3%	78.4%	
Credit loss ratio	0.52%	0.3%	
Stage 3 net of ECL as a % of net core loans and advances subject to ECL	1.6%	1.3%	
Share statistics			
Adjusted earnings per share (pence)-Total group	46.5	60.9	(23.6%)
Adjusted earnings per share (pence)	33.9	48.7	(30.4%)
Headline earnings per share (pence)-Total group	29.2	52.6	(44.5%)
Headline earnings per share (pence)	21.5	41.1	(47.7%)
Basic earnings per share (pence)-Total group	115.3	52.0	121.7%
Basic earnings per share (pence)	17.5	40.4	(56.8%)
Diluted earnings per share (pence)-Total group	114.4	50.9	124.9%
Diluted earnings per share (pence)	17.3	39.6	(56.2%)
Interim Dividends per share (pence)	11.0	11.0	0.0%
Final Dividends per share (pence)	**	13.5	
Dividend cover (times)	**	2.5	
Net asset value per share (pence)	414.3	434.1	(4.6%)
Net tangible asset value per share (pence)	377.6	386.0	(2.2%)
Weighted number of ordinary shares in issue (million)	945.8	942.2	0.4%
Total number of shares in issue (million)	1015.0	1001.0	1.4%
Capital ratios^			
Investec plc			
Total capital ratio	14.9%	15.7%	
Common equity tier 1 ratio	10.7%	10.8%	
Leverage ratio	7.8%	7.9%	
Investec Limited##			
Total capital adequacy ratio	15.0%	14.9%	
Common equity tier 1 ratio^^	10.9%	10.5%	
Leverage ratio^^	6.4%	7.6%	

Refer to alternative performance measures and definitions sections found on pages 203 to 205.

* *Restated as detailed on page 51.*

^ *The group's expected Basel III 'fully loaded' numbers are provided on page 59.*

\# *In order to be comparable with the 2020 financial year, the 2019 third party assets under management figure above reflects that of Continuing operations only (i.e. excludes third party assets under management related to the asset management business as at 31 March 2019)*

** *In light of regulatory guidance provided to banks in both South Africa and the UK, the board has decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share (2019: 24.5 pence with a dividend cover based on the group's adjusted EPS of 2.5 times).*

^^ *Investec Limited's CET1 ratio includes a reduction of 85bps associated with our High Quality Liquid Assets and credit investment portfolios held at fair value through equity. This was a consequence of the sudden movement in credit spreads impacting valuations at 31 March 2020. More than half of this impact reversed post year end.*

\## *Investec Limited adopted the Foundation Internal Ratings Based (FIRB) approach, effective 1 April 2019, resulting in pro-forma total capital ratio of 16.0%, pro-forma CET1 ratio of 11.6% and pro-forma leverage ratio of 7.4% had the FIRB approach been applied as at 31 March 2019.*

Five year review

For the year to 31 March £'000	2020	2019*	2018	2017	2016
Income statement and selected returns					
Adjusted earnings attributable to ordinary shareholders (£'000)	320 650	458 845	374 691	327 162	270 032
Adjusted operating profit (£'000)	419 159	552 496	429 460	434 297	370 810
Cost to income ratio	68.2%	67.3%	68.7%	68.4%	67.6%
Return on average shareholders' equity (post-tax)	8.3%	12%	9.8%	10%	9.3%
Return on average tangible shareholders' equity (post-tax)	9.2%	13.3%	10.9%	11.5%	10.9%
Return on average risk-weighted assets	1.0%	1.7%	1.5%	1.5%	1.3%
Net interest income as a % of operating income	47.2%	41.8%	39.7%	37.7%	37.5%
Non-interest income as a % of operating income	52.8%	58.2%	60.3%	62.3%	62.5%
Annuity income as a % of total operating income	77.2%	69.1%	66.0%	66.4%	70.6%
Effective operational tax rate	11.9%	9.1%	4.9%	17.4%	18.9%
Balance sheet					
Total assets (£'million)	50 656	57 724	57 617	53 535	45 352
Net core loans and advances (£'million)	24 911	24 941	25 132	22 707	18 119
Cash and near cash balances (£'million)	12 683	13 288	12 825	12 038	10 962
Customer accounts (deposits) (£'million)	32 221	31 307	30 987	29 109	24 044
Third party assets under management (£'million)	45 018	55 754	56 714	55 447	46 003
Gearing ratio (assets excluding assurance assets to total equity)	10.3x	9.4x	9.1x	9.5x	10.2x
Core loans to equity ratio	5.1x	4.8x	4.6x	4.7x	4.7x
Loans and advances to customers as a % of customer deposits	76.3%	78.4%	79.6%	76.2%	73.6%
Credit loss ratio**	0.52%	0.31%	0.61%	0.54%	0.62%
Stage 3 net of ECL as a % of net core loans and advances subject to ECL	1.6%	1.3%	1.17%	1.22%	1.54%
Share statistics					
Adjusted earnings per share (pence)	33.9	48.7	40.6	36.3	31.0
Basic earnings per share (pence)	17.5	40.4	38.6	38.9	28.2
Net asset value per share (pence)	414.3	434.1	452.5	431.00	352.3
Net tangible asset value per share (pence)	377.6	386.00	401.5	377.00	294.3
Weighted number of ordinary shares in issue (million)	945.8	942.2	923.5	900.4	870.5
Total number of shares in issue (million)	1 015.00	1 001.00	980.6	958.3	908.8
Capital ratios					
Investec plc					
Total capital ratio	14.9%	15.7%	15.4%	15.1%	15.1%
Common equity tier 1 ratio	10.7%	10.8%	11%	11.3%	9.7%
Leverage ratio	7.8%	7.9%	8.5%	7.8%	7%
Investec Limited					
Total capital adequacy ratio	15%	14.9%	14.6%	14.1%	14%
Common equity tier 1 ratio#	10.9%	10.5%	10.2%	9.9%	9.6%
Leverage ratio#	6.4%	7.6%	7.5%	7.3%	6.9%

Note: Refer to alternative performance measures and definitions sections found on pages 203 to 205.

* *The 2019 financial year information has been restated to exclude the financial impact of the rundown of the Hong Kong direct investments business and the impact of other group restructures (as detailed on pages 51 to 52) in order to ensure a like-for-like basis with the 2020 financial year information. All other prior years have not been restated*

** *In 2020 and 2019: Expected credit loss impairment charges on gross core loans and advances subject to ECL as a % of average gross core loans and advances subject to ECL. In prior years: income statement impairment charge as a % of average gross core loans and advances.*

\# *Investec Limited's CET1 ratio includes a reduction of 85bps associated with our High Quality Liquid Assets and credit investment portfolios held at fair value through equity. This was a consequence of the sudden movement in credit spreads impacting valuations at 31 March 2020. More than half of this impact reversed post year end.*

(continued)

For the year to 31 March £'000	2020	2019*	2018*	2017*	2016*
Interest income	2 698 420	2 631 822	2 485 516	2 225 450	1 701 527
Interest expense	(1 845 416)	(1 815 173)	(1 730 589)	(1 550 673)	(1 131 662)
Net interest income	**853 004**	**816 649**	**754 927**	**674 777**	**569 865**
Fee and commission income	837 590	831 663	855 202	815 914	665 347
Fee and commission expense	(47 118)	(39 005)	(31 129)	(29 262)	(19 250)
Investment income	39 268	107 819	130 063	136 060	170 364
Share of post taxation profit of associates and joint venture holdings	27 244	68 167	46 823	18 890	1 811
Trading income arising from					
– customer flow	63 254	120 662	138 226	158 001	110 227
– balance sheet management and other trading activities	26 720	36 829	770	6 005	9 709
Other operating income	6 877	11 036	8 950	7 839	9 808
Total operating income before expected credit loss impairment charges	**1 806 839**	**1 953 820**	**1 903 832**	**1 788 224**	**1 517 881**
Expected credit loss impairment charges	(133 301)	(66 458)	(148 556)	(111 454)	(109 516)
Operating income	**1 673 538**	**1 887 362**	**1 755 276**	**1 676 770**	**1 408 365**
Operating costs	(1 185 020)	(1 274 517)	(1 271 107)	(1 180 065)	(1 000 189)
Depreciation on operating leased assets	(1 407)	(2 157)	(2 421)	(2 169)	(2 165)
Operating profit before goodwill, acquired intangibles and strategic actions	**487 111**	**610 688**	**481 748**	**494 536**	**406 011**
Impairment of goodwill	(145)	(155)	–	(3 135)	–
Impairment of associates and joint venture holdings	(45 400)	–	–	–	–
Amortisation of acquired intangibles	(16 104)	(15 816)	(16 255)	(17 197)	(16 248)
Closure and rundown of the Hong Kong direct investments business	(89 257)	(65 593)	–	–	–
Operating profit	**336 205**	**529 124**	**465 493**	**474 204**	**389 763**
Financial impact of group restructures	(25 725)	(14 591)	(6 039)	–	(4 778)
Profit before taxation from continuing operations	**310 480**	**514 533**	**459 454**	**474 204**	**384 985**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(54 690)	(49 128)	(21 242)	(82 911)	(76 225)
Taxation on acquired intangibles and strategic actions	21 693	18 399	3 253	4 070	5 197
Profit after taxation from continuing operations	**277 483**	**483 804**	**441 465**	**395 363**	**313 957**
Profit after taxation from discontinued operations	954 979	134 377	140 188	127 633	106 229
Profit after taxation	**1 232 462**	**618 181**	**581 653**	**522 996**	**420 186**
Profit attributable to other non-controlling interests	(67 952)	(58 192)	(52 288)	(60 239)	(35 201)
Profit attributable non-controlling interests of discontinuing operations	(29 347)	(25 658)	(23 817)	(20 291)	(16 529)
Earnings attributable to shareholders	**1 135 163**	**534 331**	**505 548**	**442 466**	**368 456**

* *The income statements have been re-presented to reflect the separate disclosure of discontinued operations (refer to page 195) and for the year to 31 March 2019 the financial impact of strategic actions (refer to pages 51 to 52).*

At 31 March £'000	2020	2019	2018	2017	2016
Assets					
Cash and balances at central banks	3 932 048	4 992 820	4 040 512	3 351 702	3 007 269
Loans and advances to banks	2 666 851	2 322 821	2 165 533	3 191 041	2 498 585
Non-sovereign and non-bank cash placements	632 610	648 547	601 243	536 259	466 573
Reverse repurchase agreements and cash collateral on securities borrowed	2 964 603	1 768 748	2 207 477	2 358 970	2 497 125
Sovereign debt securities	4 593 893	4 538 223	4 910 027	3 804 627	3 208 862
Bank debt securities	604 921	717 313	587 164	639 189	896 855
Other debt securities	1 430 419	1 220 651	903 603	1 115 558	949 950
Derivative financial instruments	2 034 399	1 034 166	1 352 408	1 185 848	1 580 949
Securities arising from trading activities	1 044 445	1 859 254	1 434 391	1 376 668	1 119 074
Investment portfolio	998 935	1 028 976	885 499	835 899	660 795
Loans and advances to customers	24 588 074	24 534 753	24 673 009	22 189 975	17 681 572
Own originated loans and advances to customers securitised	324 638	407 869	459 088	517 162	437 243
Other loans and advances	132 486	195 693	347 809	355 248	321 617
Other securitised assets	134 865	133 804	148 387	148 964	160 295
Interests in associated undertakings	701 311	387 750	467 852	392 213	267 099
Deferred taxation assets	265 896	248 893	157 321	133 972	112 135
Other assets	1 934 428	1 735 956	1 876 116	1 900 480	2 092 661
Property and equipment	356 573	261 650	233 340	105 939	90 888
Investment properties	863 864	994 645	1 184 097	1 128 930	938 879
Goodwill	270 625	366 870	368 803	367 579	368 039
Intangible assets	86 300	107 237	125 389	143 261	148 280
Non-current assets classified as held for sale	58 905	–	–	27 218	–
	50 621 089	**49 506 639**	**49 129 068**	**45 806 702**	**39 504 745**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	35 227	8 217 573	8 487 776	7 728 130	5 847 036
	50 656 316	**57 724 212**	**57 616 844**	**53 534 832**	**45 351 781**
Liabilities					
Deposits by banks	3 498 254	3 016 306	2 931 267	2 736 066	2 397 403
Derivative financial instruments	2 248 849	1 277 233	1 471 563	1 296 206	1 582 847
Other trading liabilities	509 522	672 405	960 166	978 911	957 418
Repurchase agreements and cash collateral on securities lent	1 577 346	1 105 063	655 840	690 615	971 646
Customer accounts (deposits)	32 220 976	31 307 107	30 987 173	29 109 428	24 044 281
Debt securities in issue	1 737 191	3 073 320	2 717 187	2 386 180	2 299 751
Liabilities arising on securitisation of own originated loans and advances	76 696	91 522	136 812	90 125	85 650
Liabilities arising on securitisation of other assets	110 679	113 711	127 853	128 838	120 851
Current taxation liabilities	51 308	162 448	185 486	227 828	192 255
Deferred taxation liabilities	44 788	23 590	32 158	40 408	55 486
Other liabilities	2 211 487	1 765 649	2 012 268	1 910 830	1 802 967
	44 287 096	**42 608 354**	**42 217 773**	**39 595 435**	**34 510 555**
Liabilities to customers under investment contracts	32 845	8 214 634	8 484 296	7 725 604	5 845 503
Insurance liabilities, including unit-linked liabilities	2 382	2 939	3 480	2 526	1 533
	44 322 323	**50 825 927**	**50 705 549**	**47 323 565**	**40 357 591**
Subordinated liabilities	1 436 361	1 647 271	1 482 987	1 402 638	1 134 883
	45 758 684	**52 473 198**	**52 188 536**	**48 726 203**	**41 492 474**
Equity					
Ordinary share capital	247	245	240	237	228
Perpetual preference share capital	31	31	31	31	153
Share premium	1 686 339	2 471 506	2 416 736	2 341 228	2 239 364
Treasury shares	(272 881)	(189 134)	(160 132)	(126 879)	(125 717)
Other reserves	(976 297)	(577 491)	(345 606)	(310 275)	(784 051)
Retained income	3 593 384	2 611 256	2 530 825	2 226 751	2 030 310
Shareholders' equity excluding non-controlling interests	**4 030 823**	**4 316 413**	**4 442 094**	**4 131 093**	**3 360 287**
Other Additional Tier 1 securities in issue	295 593	303 728	304 150	32 798	26 031
Non-controlling interests	571 216	630 873	682 064	644 738	472 989
– Perpetual preferred securities issued by subsidiaries	69 259	81 616	92 312	91 492	72 615
– Non-controlling interests in partially held subsidiaries	501 957	549 257	589 752	553 246	400 374
Total equity	**4 897 632**	**5 251 014**	**5 428 308**	**4 808 629**	**3 859 307**
Total liabilities and equity	**50 656 316**	**57 724 212**	**57 616 844**	**53 534 832**	**45 351 781**

Exchange rates

Our reporting currency is Pounds Sterling. Certain of our operations are conducted by entities outside the UK. The results of operations and the financial position of our individual companies are reported in the local currencies of the countries in which they are domiciled, including South African Rands, Australian Dollars, Euros and US Dollars. These results are then translated into Pounds Sterling at the applicable foreign currency exchange rates for inclusion in our combined consolidated financial results. In the case of the income statement, the weighted average rate for the relevant period is applied and, in the case of the balance sheet, the relevant closing rate is used.

Constant currency

Constant currency information constitutes *pro forma* financial information. The constant currency *pro forma* information presented below and elsewhere in this report is to illustrate the impact of changes in the group's major foreign currencies. Amounts represented on a neutral currency basis for income statement items assume that the relevant average exchange rates for the year to 31 March 2020 remain the same as those in the prior year. Amounts represented on a neutral currency basis for balance sheet items assume that the relevant closing exchange rates at 31 March 2020 remain the same as those at 31 March 2019.

The constant currency *pro forma* information, which is the responsibility of the group's directors, has been presented for illustrative purposes and because of its nature may not fairly present the group's financial position, changes in equity or results of operations.

Investec's external auditor, Ernst & Young Inc., issued a limited assurance report in respect of the constant currency information. The limited assurance report is available for inspection at Investec's registered address.

The following table sets out the movements in certain relevant exchange rates against Pounds Sterling over the year.

	31 March 2020		31 March 2019	
Currency per £1.00	**Closing**	**Average**	Closing	Average
South African Rand	22.15	18.78	18.80	18.04
Australian Dollar	2.03	1.87	1.83	1.80
Euro	1.13	1.15	1.16	1.13
US Dollar	1.24	1.27	1.30	1.31

Exchange rates between local currencies and Pounds Sterling have fluctuated over the period. The most significant impact arises from the volatility of the Rand. The average Rand: Pound Sterling exchange rate over the period has depreciated by 4.1% against the comparative twelve month period ended 31 March 2019, and the closing rate has depreciated by 17.8% since 31 March 2019.

The following tables provide an analysis of the impact of the Rand on our reported numbers.

	Results in Pounds Sterling					Results in Rands		
Total group	**Year to 31 March 2020**	Year to 31 March 2019*	% change	**Neutral currency^ Year to 31 March 2020**	Neutral currency % change	**Year to 31 March 2020**	Year to 31 March 2019*	% change
Adjusted operating profit before taxation (million)	£609	£732	(16.8%)	£616	(15.8%)	R11 307	R13 208	(14.4%)
Earnings attributable to shareholders (million)	£1135	£534	112.5%	£1189	122.7%	R21 938	R9 653	127.3%
Adjusted earnings attributable to shareholders (million)	£440	£574	(23.3%)	£443	(22.8%)	R8 198	R10 344	(20.7%)
Adjusted earnings per share	46.5p	60.9p	(23.6%)	46.9p	(23.0%)	867c	1098c	(21.0%)
Basic earnings per share	115.3p	52.0p	121.7%	121p	132.7%	2232c	939c	137.7%
Headline earnings per share	29.2p	52.6p	(44.5%)	31.2p	(40.7%)	536c	950c	(43.6%)
Interim dividend per share	11.0p	11.0p	0.0%	n/a	n/a	211c	206c	2.4%
Final dividend per share	**	13.5p	**	n/a	n/a	**	245c	**

	Results in Pounds Sterling					Results in Rands		
Continuing operations	**Year to 31 March 2020**	Year to 31 March 2019*	% change	**Neutral currency^ Year to 31 March 2020**	Neutral currency % change	**Year to 31 March 2020**	Year to 31 March 2019*	% change
Adjusted operating profit before taxation (million)	£419	£552	(24.1%)	£425	(23.0%)	R7 779	R9 970	(22.0%)
Earnings attributable to shareholders (million)	£210	£426	(50.7%)	£209	(50.9%)	R3 783	R7 596	(50.2%)
Adjusted earnings attributable to shareholders (million)	£321	£459	(30.1%)	£325	(29.2%)	R5 949	R8 287	(28.2%)
Adjusted earnings per share	33.9p	48.7p	(30.4%)	34.4p	(29.4%)	629c	880c	(28.5%)
Basic earnings per share	17.5p	40.4p	(56.7%)	17.3p	(57.2%)	312c	721c	(56.7%)
Headline earnings per share	21.5p	41.1p	(47.7%)	22.2p	(46.0%)	399c	732c	(45.5%)

	Results in Pounds Sterling					Results in Rands		
	At 31 March 2020	At 31 March 2019	% change	**Neutral currency^^ At 31 March 2020**	Neutral currency % change	**At 31 March 2020**	At 31 March 2019	% change
Net asset value per share	414.3p	434.1p	(4.6%)	436.8p	0.6%	9 178c	8 159c	12.5%
Net tangible asset value per share	377.6p	386.0p	(2.2%)	400.3p	3.7%	8 365c	7 256c	15.3%
Total equity (million)	£4 898	£5 251	(6.7%)	£5 343	1.8%	R108 495	R98 911	9.7%
Total assets (million)	£50 656	£57 724	(12.2%)	£55 279	(4.2%)	R1 122 162	R1 085 125	3.4%
Core loans and advances (million)	£24 911	£24 941	(0.1%)	£27 051	8.5%	R551 878	R468 882	17.7%
Cash and near cash balances (million)	£12 683	£13 288	(4.6%)	£13 869	4.4%	R280 960	R249 793	12.5%
Customer deposits (million)	£32 221	£31 307	2.9%	£35 260	12.6%	R713 774	R588 525	21.3%
Third party assets under management (million)#	£45 018	£55 754	(19.3%)	£47 116	(15.5%)	R997 149	R1 048 088	(4.9%)

* *Restated as detailed on page 52.*
^ *For income statement items we have used the average Rand: Pound Sterling exchange rate that was applied in the prior period, i.e. 18.04.*
^^ *For balance sheet items we have assumed that the Rand: Pound Sterling closing exchange rate has remained neutral since 31 March 2019.*
** *In light of regulatory guidance provided to banks in both South Africa and the UK, the board has decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share (2019: 24.5 pence with a dividend cover based on the group's adjusted EPS of 2.5 times).*
\# *In order to be comparable with the 2020 financial year, the 2019 third party assets under management figure above reflects that of Continuing operations only (i.e. excludes third party assets under management related to the asset management business as at 31 March 2019).*

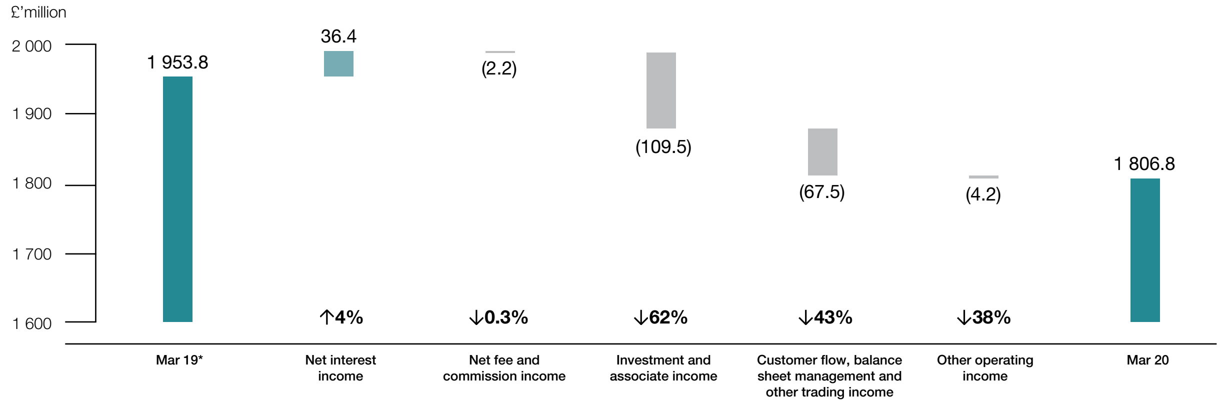
Income statement analysis – continuing operations

The overview that follows will highlight the main reasons for the variance in the major category line items on the face of the income statement during the year under review.

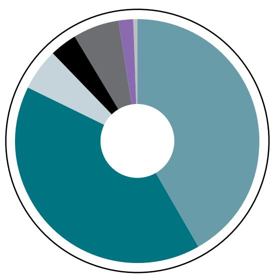
Total operating income before expected credit loss impairment charges

Total operating income before expected credit loss impairment charges decreased 7.5% to £1 806.8 million (2019*: £1 953.8 million).

A breakdown of total operating income before expected credit loss impairment charges by geography and division for the year under review can be found in our segmental disclosures on pages 159 to 167.

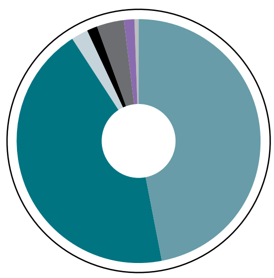


% of total operating income before expected credit losses



31 MARCH 2019
£1 953.8 million total operating income before expected credit losses

- 41.8% Net interest income
- 40.6% Net fee and commission income
- 5.5% Investment income
- 3.5% Share of post taxation profit of associates and joint venture holdings
- 6.2% Trading income arising from customer flow
- 1.9% Trading income arising from balance sheet management and other trading activities
- 0.5% Other operating income



31 MARCH 2020
£1 806.8 million total operating income before expected credit losses

- 47.2% Net interest income
- 43.7% Net fee and commission income
- 2.2% Investment income
- 1.5% Share of post taxation profit of associates and joint venture holdings
- 3.5% Trading income arising from customer flow
- 1.5% Trading income arising from balance sheet management and other trading activities
- 0.4% Other operating income

* *Restated as detailed on page 52.*

Net interest income

Net interest income increased by 4.5% to £853.0 million (2019^: £816.6 million) supported by private client activity and loan book growth.

		UK and Other		Southern Africa		Total group	
For the year to 31 March 2020 £'000	Notes	Balance sheet value	Interest income	Balance sheet value	Interest income	**Balance sheet value**	**Interest income**
Cash, near cash and bank debt and sovereign debt securities	1	7 429 443	73 916	7 965 483	423 688	15 394 926	497 604
Loans and advances	2	11 871 849	591 615	13 040 863	1 418 686	24 912 712	2 010 301
Private Client		5 075 380	191 210	8 850 611	987 203	13 925 991	1 178 413
Corporate, institutional and other clients		6 796 469	400 405	4 190 252	431 483	10 986 721	831 888
Other debt securities and other loans and advances*		769 337	101 721	793 568	43 239	1 562 905	144 960
Other interest-earning assets	3	–	–	22 425	28 411	22 425	28 411
Finance lease receivables^		322 211	17 144	–	–	322 211	17 144
Total interest-earning assets		**20 392 840**	**784 396**	**21 822 339**	**1 914 024**	**42 215 179**	**2 698 420**

		UK and Other		Southern Africa		Total group	
For the year to 31 March 2020 £'000	Notes	Balance sheet value	Interest expense	Balance sheet value	Interest expense	**Balance sheet value**	**Interest expense**
Deposits by banks and other debt related securities*	4	3 152 136	(137 594)	3 660 655	(133 749)	6 812 791	(271 343)
Customer accounts (deposits)#		15 272 245	(184 747)	16 948 731	(1 242 248)	32 220 976	(1 426 995)
Other interest-bearing liabilities	5	–	–	76 696	(18 358)	76 696	(18 358)
Subordinated liabilities		787 030	(48 319)	649 331	(62 343)	1 436 361	(110 662)
Lease liabilities^		476 141	(16 351)	12 708	(1 707)	488 849	(18 058)
Total interest-bearing liabilities		**19 687 552**	**(387 011)**	**21 348 121**	**(1 458 405)**	**41 035 673**	**(1 845 416)**
Net interest income			**397 385**		**455 619**		**853 004**
Net interest margin			**2.02%**		**1.88% ****		

1 Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; bank debt securities.
2 Comprises (as per the balance sheet) loans and advances to customers; own originated loans and advances to customers securitised.
3 Comprises (as per the balance sheet) other securitised assets
4 Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.
5 Comprises (as per the balance sheet) liabilities arising on securitisation of own originated loans and advance.
^ The group has adopted IFRS 16 from 1 April 2019. The impact has been to recognise interest income and interest expense on the unwind of finance lease receivables and lease liabilities respectively. The prior period comparatives have not been restated.
* Includes interest income and interest expense on derivative assets and liabilities used for hedging purposes. This results in interest income and interest expense being recognised with no associated balance sheet value.
** Impacted by debt funding issued by the Investec Property Fund in which the group has a 24.31% (2019: 26.57%) interest. Excluding this debt funding cost, the net interest margin amounted to 2.00% (2019: 2.02%).
# As at 31 March 2020, certain Investec structured products amounting to £823 million have been reclassified from Debt securities in issue to Customer deposits in order to better reflect the underlying characteristics, contractual terms and liquidity of these products. The prior year has not been restated.
* Restated as detailed on page 52.

For the year to 31 March 2019^ £'000	Notes	UK and Other Balance sheet value	UK and Other Interest income	Southern Africa Balance sheet value	Southern Africa Interest income	Total group Balance sheet value	Total group Interest income
Cash, near cash and bank debt and sovereign debt securities	1	7 575 683	61 873	7 412 789	427 364	14 988 472	489 237
Loans and advances	2	10 515 665	582 298	14 426 957	1 377 226	24 942 622	1 959 524
Private Client		4 197 181	165 397	9 837 641	953 296	14 034 822	1 118 693
Corporate, institutional and other clients		6 318 484	416 901	4 589 316	423 930	10 907 800	840 831
Other debt securities and other loans and advances*		676 461	78 843	739 883	49 559	1 416 344	128 402
Other interest-earning assets	3	–	–	15 635	54 659	15 635	54 659
Total interest-earning assets		**18 767 809**	**723 014**	**22 595 264**	**1 908 808**	**41 363 073**	**2 631 822**

For the year to 31 March 2019^ £'000	Notes	UK and Other Balance sheet value	UK and Other Interest expense	Southern Africa Balance sheet value	Southern Africa Interest expense	Total group Balance sheet value	Total group Interest expense
Deposits by banks and other debt related securities*	4	4 040 397	(131 404)	3 154 292	(141 581)	7 194 689	(272 985)
Customer accounts (deposits)		13 136 539	(154 733)	18 170 568	(1 242 208)	31 307 107	(1 396 941)
Other interest-bearing liabilities	5	–	–	91 522	(23 371)	91 522	(23 371)
Subordinated liabilities		803 699	(51 051)	843 572	(70 825)	1 647 271	(121 876)
Total interest-bearing liabilities		**17 980 635**	**(337 188)**	**22 259 954**	**(1 477 985)**	**40 240 589**	**(1 815 173)**
Net interest income			**385 826**		**430 823**		**816 649**
Net interest margin			**2.16%**		**1.88%****		

1 *Comprises (as per the balance sheet) cash and balances at central banks; loans and advances to banks; non-sovereign and non-bank cash placements; reverse repurchase agreements and cash collateral on securities borrowed; sovereign debt securities; bank debt securities.*
2 *Comprises (as per the balance sheet) loans and advances to customers; own originated loans and advances to customers securitised.*
3 *Comprises (as per the balance sheet) other securitised assets Investec Import Solutions debtors.*
4 *Comprises (as per the balance sheet) deposits by banks; debt securities in issue; repurchase agreements and cash collateral on securities lent.*
5 *Comprises (as per the balance sheet) liabilities arising on securitisation of own originated loans and advance.*
^ *Restated as detailed on page 52.*
* *Includes interest income and interest expense on derivative assets and liabilities used for hedging purposes. This results in interest income and interest expense being recognised with no associated balance sheet value.*
** *Impacted by debt funding issued by the Investec Property Fund in which the group had a 26.57% interest as at 31 March 2019, excluding this debt funding cost, the net interest margin amounted to 2.02%.*

Net fee and commission income

Net fee and commission income remained broadly flat at £790.5 million (2019^: £792.7 million). The South African and UK Wealth & Investment businesses reported an increase in annuity fees. Overall fees from the Wealth & Investment business were impacted by the sale of the Irish Wealth business in October 2019. The Specialist Bank reported lower fees impacted by the challenging macroeconomic environment in both South Africa and the UK.

For the year to 31 March 2020 £'000	UK and Other	Southern Africa	**Total Group**
Wealth & Investment net fee and commission income	**304 412**	**84 173**	**388 585**
Fund management fees/fees for assets under management	261 093	45 188	306 281
Private client transactional fees	43 997	40 884	84 881
Fee and commission expense	(678)	(1 899)	(2 577)
Specialist Banking net fee and commission income	**177 788**	**224 099**	**401 887**
Corporate and institutional transactional and advisory services	179 296	179 751	359 047
Private client transactional fees	11 650	75 731	87 381
Fee and commission expense	(13 158)	(31 383)	(44 541)
Net fee and commission income	**482 200**	**308 272**	**790 472**
Annuity fees (net of fees payable)	280 214	261 793	542 007
Deal fees	201 986	46 479	248 465

For the year to 31 March 2019^ £'000	UK and Other	Southern Africa	**Total Group**
Wealth & Investment net fee and commission income	**305 346**	**79 015**	**384 361**
Fund management fees/fees for assets under management	258 299	44 417	302 716
Private client transactional fees	47 771	36 612	84 383
Fee and commission expense	(724)	(2 014)	(2 738)
Specialist Banking net fee and commission income	**181 712**	**226 585**	**408 297**
Corporate and institutional transactional and advisory services	179 998	191 786	371 784
Private client transactional fees	10 646	62 134	72 780
Fee and commission expense	(8 932)	(27 335)	(36 267)
Net fee and commission income	**487 058**	**305 600**	**792 658**
Annuity fees (net of fees payable)	275 966	257 120	533 086
Deal fees	211 092	48 480	259 572

^ *Restated as detailed on page 52.*

Investment income

Investment income decreased to £39.3 million (2019^: £107.8 million) reflecting the challenging macroeconomic backdrop during the year under review and the sudden extreme market dislocation in March 2020.

For the year to 31 March 2020 £'000	Listed equities	Unlisted equities	Fair value loan investments	Warrants and profit shares	**Investment Portfolio**	Debt securities (sovereign, bank and other)	Investment and trading properties	Other	**Total**
The following table analyses investment income generated by the asset portfolio shown on the balance sheet									
UK and Other									
Realised	(765)	51 161	–	15 558	65 954	4 274	(3 616)	(257)	66 355
Unrealised*	(8 446)	(39 918)	–	(7 329)	(55 693)	(3 743)	1 814	(8 011)	(65 633)
Dividend income	7	2 892	–	–	2 899	–	–	–	2 899
Funding and other net related costs	–	–	–	–	–	–	2 754	–	2 754
	(9 204)	**14 135**	**–**	**8 229**	**13 160**	**531**	**952**	**(8 268)**	**6 375**
Southern Africa									
Realised	1 505	6 238	–	8 385	16 128	5 738	(313)	(53)	21 500
Unrealised*	(5 019)	(10 523)	59 967	(32)	44 393	5 899	(43 750)	(12 169)	(5 627)
Dividend income	9 957	12 015	–	–	21 972	–	–	50	22 022
Funding and other net related costs	–	(1 935)	–	–	(1 935)	–	(3 067)	–	(5 002)
	6 443	**5 795**	**59 967**	**8 353**	**80 558**	**11 637**	**(47 130)**	**(12 172)**	**32 893**
Investment income	**(2 761)**	**19 930**	**59 967**	**16 582**	**93 718**	**12 168**	**(46 178)**	**(20 440)**	**39 268**

For the year to 31 March 2019^ £'000	Listed equities	Unlisted equities	Fair value loan investments	Warrants and profit shares	**Investment Portfolio**	Debt securities (sovereign, bank and other)	Investment and trading properties	Other	**Total**
The following table analyses investment income generated by the asset portfolio shown on the balance sheet									
UK and Other									
Realised	(7 566)	22 251	–	18 373	33 058	7 313	(7 231)	(13 884)	19 256
Unrealised*	(9 771)	45 416	–	(769)	34 876	1 530	13 267	10 638	60 311
Dividend income	72	4 161	–	–	4 233	–	–	–	4 233
Funding and other net related costs	23	–	–	–	23	–	6 710	–	6 733
	(17 242)	**71 828**	**–**	**17 604**	**72 190**	**8 843**	**12 746**	**(3 246)**	**90 533**
Southern Africa									
Realised	20 681	22 669	–	12 089	55 439	7 235	30 609	(70)	93 213
Unrealised*	(18 069)	(62 656)	5 778	(914)	(75 861)	2 453	(43 875)	6 289	(110 994)
Dividend income	10 514	28 765	–	–	39 279	–	–	(45)	39 234
Funding and other net related costs	–	(2 222)	–	–	(2 222)	–	(1 945)	–	(4 167)
	13 126	**(13 444)**	**5 778**	**11 175**	**16 635**	**9 688**	**(15 211)**	**6 174**	**17 286**
Investment income	**(4 116)**	**58 384**	**5 778**	**28 779**	**88 825**	**18 531**	**(2 465)**	**2 928**	**107 819**

^ *Restated as detailed on page 52.*
* *In a year of realisation, any prior period mark-to-market gains/(losses) recognised are reversed in the unrealised line item.*

Interests in associated undertakings and joint venture holdings

Share of post taxation profit of associates of £27.2 million (2019*: £68.2 million) primarily reflects earnings in relation to the group's investment in the IEP Group. The year-on-year decline is a result of a large realisation in the prior year. As of 16 March 2020 earnings from the group's 25% holding in Ninety One have been equity accounted and included in Share of post taxation profit of associates.

Management critically evaluated the equity accounted value of the group's investment in the IEP Group (IEP) and resultantly recognised an impairment of £45.4 million in the current year. The recoverable amount of the investment in IEP was determined by calculating Investec's stake of the sum of the fair values of the underlying investments held by IEP. This was done by determining the best estimates of the cash flows to be generated from the ultimate realisation of the underlying investments considering management's strategy with the investments, returns generated by the underlying investments, the nature of the assets and market considerations.

Trading income

Trading income arising from customer flow amounted to £63.3 million (2019*: £120.7 million). Reasonable activity levels were offset by losses arising from hedging of structured products in the UK (approximately £29 million) driven by the sudden and sharp fall in global markets in March 2020 and the impact of market movements on Investec Property Fund's hedging instruments (largely offset in non-controlling interests).

Trading income from balance sheet management and other trading activities decreased 27.4% to £26.7 million (2019*: £36.8 million). The decrease in the UK was primarily due to prior year asset sales and COVID-19 related market volatility in the current year. The year on year variance in South Africa was driven by currency translation gains on Investec Property Fund's UK and European investments (largely offset in non-controlling interests). This was partially offset by COVID-19 related losses on certain trading portfolios and prior year translation gains on foreign currency assets which did not repeat in the current year.

Expected credit loss (ECL) impairment charges

The total ECL impairment charges amounted to £133.3 million (2019*: £66.5 million). The main contributors to the increase in impairment charges were: book growth and the impact of the COVID-19 pandemic; in the form of a provision overlay reflecting a deterioration in the macro-economic scenario forecasts applied and a specific impairment provision in the UK, and a deterioration of the macro-economic scenarios in South Africa (which were adjusted for COVID-19 and the South African sovereign downgrades). The increase in the UK charge was also impacted by the prior year release of provisions on non-core assets sold. The credit loss ratio increased to 0.52% (2019: 0.31%), with the ECL coverage ratio of our Stage 1 loan book also increasing to 0.4% from 0.2% in the prior year. Pre COVID-19, the credit loss ratio was calculated at 0.28% for 31 March 2020. Refer to pages 17 to 22 in volume two of the Investec group's 2020 integrated annual report for further information on the macro-economic scenarios underpinning the group's ECL impairment charges.

Since 31 March 2019 gross core loan Stage 3 assets have increased to £580 million from £521 million. Net Stage 3 exposures as a percentage of net core loans subject to ECL was 1.6% (31 March 2019: 1.3%).

£'000	**31 March 2020**	31 March 2019	Variance	% change
UK and Other	75 813	24 560	51 253	208.7%
Southern Africa	57 488	41 898	15 590	37.2%
ECL impairment charges	**133 301**	**66 458**	**66 843**	**100.6%**
ECL impairment charges in home currency				
Southern Africa (R'million)	**1 109**	**761**	**348**	**45.7%**

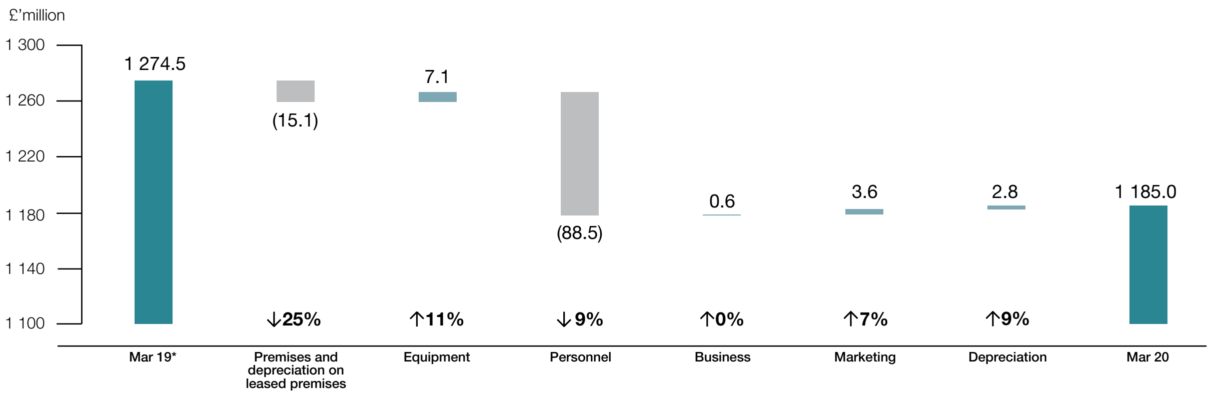
£'000	**31 March 2020**	31 March 2019
ECL impairment charges are recognised on the following assets:		
Loans and advances to customers	126 301	76 360
Own originated loans and advances to customers securitised	317	(55)
Core loans and advances	**126 618**	**76 305**
Other loans and advances	(33)	(2 882)
Other balance sheet assets	3 696	(6 111)
Off balance sheet commitments and guarantees	3 020	(854)
Total ECL impairment charges	**133 301**	**66 458**

Operating costs

Total operating costs decreased 7.0% to £1 185.0 million (2019*: £1 274.5 million) driven by cost containment across the business (fixed costs and variable remuneration) and normalised premises costs. The cost to income ratio (net of non-controlling interests) is slightly ahead of the prior year at 68.2% (2019*: 67.3%) despite the decrease in operating costs as a result of the aforementioned pressures on revenue.

Group costs increased by 16.1% to £53.8 million (2019: £46.3 million), driven primarily by a one-off cost relating to the exit of a contract, which will result in overall future cost savings in relation to the contract. Prior to this cost Group costs would have reduced year on year.

Operating costs



£'000	31 March 2020	31 March 2019*	Variance	% change
Wealth & Investment	(315 616)	(304 428)	(11 188)	3.7%
Specialist Banking	(815 600)	(923 746)	108 146	(11.7%)
Group costs	(53 804)	(46 343)	(7 461)	16.1%
Total operating costs	**(1 185 020)**	**(1 274 517)**	**89 497**	**(7.0%)**

The following tables set out information on total operating costs by business and geography for the period under review.

£'000	31 March 2020	31 March 2019*	Variance	% change
UK and Other	(740 792)	(823 374)	82 582	(10.0%)
Southern Africa	(444 228)	(451 143)	6 915	(1.5%)
Total operating costs	**(1 185 020)**	**(1 274 517)**	**89 497**	**(7.0%)**

£'000	31 March 2020	% of total operating costs	31 March 2019*	% of total operating costs	% change
Staff costs	(846 397)	71.4%	(934 895)	73.4%	(9.5%)
– fixed	(670 531)	56.6%	(729 815)	57.3%	(8.1%)
– variable	(175 866)	14.8%	(205 080)	16.1%	(14.2%)
Business expenses	(137 535)	11.6%	(136 907)	10.7%	0.5%
Equipment expenses (excluding depreciation)	(72 833)	6.2%	(65 708)	5.2%	10.8%
Premises expenses^	(44 600)	3.8%	(59 683)	4.7%	(25.3%)
Premises expenses (excluding depreciation)^	(25 556)	2.2%	(59 683)	4.7%	(57.2%)
Premises depreciation^	(19 044)	1.6%	–	0.0%	>100.0%
Marketing expenses	(51 285)	4.3%	(47 729)	3.7%	7.5%
Depreciation, amortisation and impairment on property, equipment and intangibles	(32 370)	2.7%	(29 595)	2.3%	9.4%
Total operating costs	**(1 185 020)**	**100.0%**	**(1 274 517)**	**100.0%**	**(7.0%)**

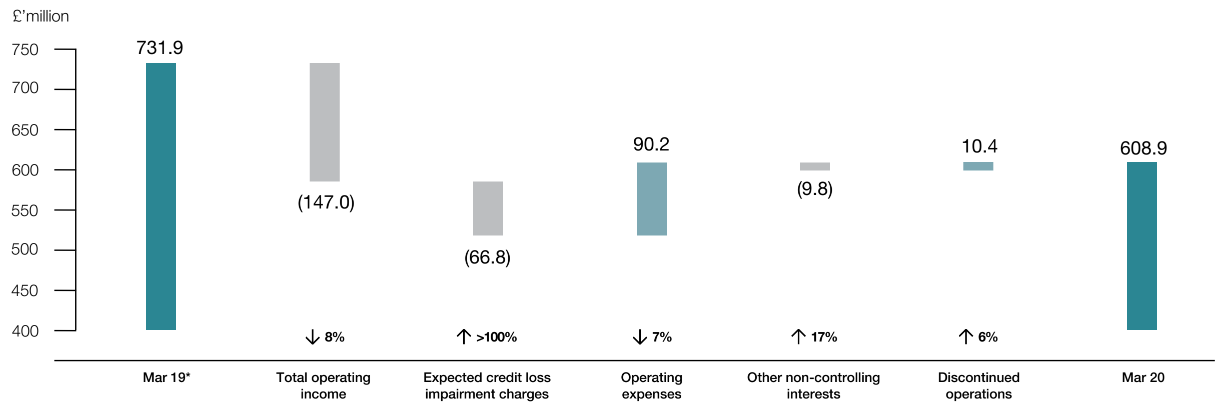
* *Restated as detailed on page 52.*

^ *The group adopted IFRS 16 from 1 April 2019. The impact has been an increase in the depreciation charge by £19 million as a result of recognising a right-of-use asset and a reduction in the premises expense in the year to 31 March 2020. The prior period comparatives have not been restated. Depreciation on premises is now being shown next to other premises expenses to aid comparability.*

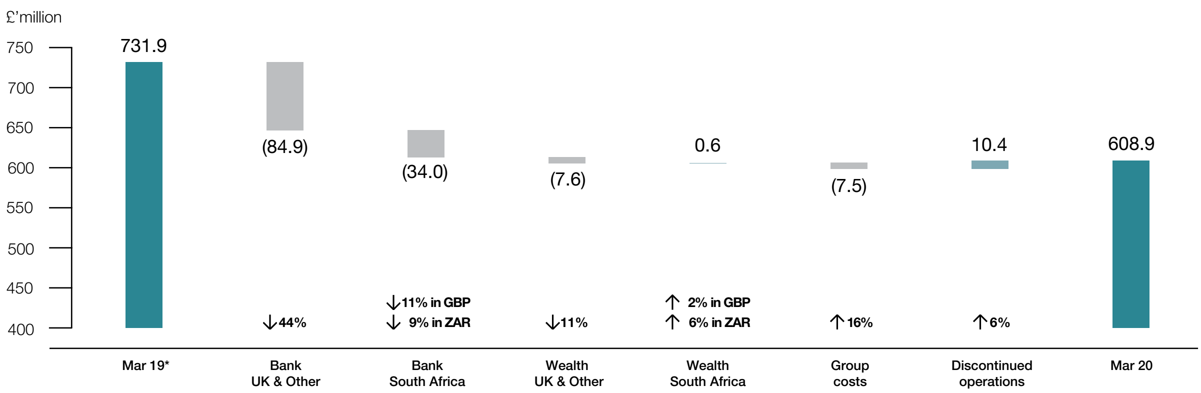
Adjusted operating profit

As a result of the foregoing factors, adjusted operating profit from Continuing operations decreased by 24.1% from £552.5 million to £419.2 million.

Adjusted operating profit for the Total group including discontinued operations decreased by 16.8% from £731.9 million to £608.9 million.



Adjusted operating profit by business and geography



* *Restated as detailed on page 52.*

Adjusted operating profit

The following tables set out information on adjusted operating profit by geography and by division for the year under review.

For the year to 31 March £'000	UK and Other	Southern Africa	**Total group**	**% change**	**% of total**
2020					
Wealth & Investment	63 018	26 848	89 866	(7.2%)	14.8%
Specialist Banking	106 735	276 362	383 097	(23.7%)	62.9%
Specialist Banking excluding Group investments	102 644	263 729	366 373	(22.8%)	60.2%
Group Investments	4 091	12 633	16 724	(38.7%)	2.7%
Group costs	(36 288)	(17 516)	(53 804)	16.1%	(8.8%)
Continuing operations adjusted operating profit	**133 465**	**285 694**	**419 159**	**(24.1%)**	**68.8%**
Discontinued operations	109 103	80 656	189 759	5.8%	31.2%
Total group adjusted operating profit	**242 568**	**366 350**	**608 918**	**(16.8%)**	**100.0%**
Other non-controlling interests^			67 952		
Operating profit before non-controlling interests			**676 870**		
% change	**(28.4%)**	**(6.8%)**	**(16.8%)**		
% of total	**39.8%**	**60.2%**	**100.0%**		
2019*					
Wealth & Investment	70 628	26 250	96 878		13.2%
Specialist Banking	191 632	310 329	501 961		68.6%
Specialist Banking excluding Group investments	191 632	283 040	474 672		64.9%
Group Investments	–	27 289	27 289		3.7%
Group costs	(31 518)	(14 825)	(46 343)		(6.3%)
Continuing operations adjusted operating profit	**230 742**	**321 754**	**552 496**		**75.5%**
Discontinued operations	107 835	71 527	179 362		24.5%
Total group adjusted operating profit	**338 577**	**393 281**	**731 858**		**100.0%**
Other non-controlling interests^			58 192		
Operating profit before non-controlling interests			**790 050**		
% of total	**46.3%**	**53.7%**	**100.0%**		

* *Restated as detailed on page 52.*
^ *Profit attributable to other non-controlling interests predominantly relates to the Investec Property Fund Limited.*

Number of employees

By division – permanent employees	31 March 2020	31 March 2019
Wealth & Investment		
UK and Other	1 380	1 411
Southern Africa	371	359
Total	**1 751**	**1 770**
Specialist Banking		
UK and Other	2 492	2 445
Southern Africa	4 112	4 121
Total	**6 604**	**6 566**
Temporary employees and contractors	387	608
Total number of employees	**8 742**	**8 944**

Adjusted operating profit per employee

By division	Wealth & Investment	Specialist Banking
Number of total employees – 31 March 2020	**1 844**	**6 898**
Number of total employees – 31 March 2019	1 931	7 013
Number of total employees – 31 March 2018	1 821	6 733
Average total employees – year to 31 March 2020	**1 888**	**6 956**
Average total employees – year to 31 March 2019	1 876	6 873
Adjusted operating profit# – year to 31 March 2020	**89 866**	**383 097**
Adjusted operating profit# – year to 31 March 2019*	96 878	501 961
Adjusted operating profit per employee^ – year to 31 March 2020 (£'000)	**47.6**	**55.1**
Adjusted operating profit per employee^ – year to 31 March 2019* (£'000)	51.6	73.0

\# *Adjusted operating profit excluding group costs.*
^ *Based on average number of employees over the year.*

By geography	UK and Other	Southern Africa	Total group
Number of total employees – 31 March 2020	3 942	4 800	**8 742**
Number of total employees – 31 March 2019	4 099	4 845	8 944
Number of total employees – 31 March 2018	3 962	4 592	8 554
Average total employees – year to 31 March 2020	4 021	4 823	**8 843**
Average total employees – year to 31 March 2019	4 031	4 719	8 749
Adjusted operating profit – year to 31 March 2020	133 465	285 694	**419 159**
Adjusted operating profit – year to 31 March 2019	230 742	321 754	552 496
Adjusted operating profit per employee^ – year to 31 March 2020 (£'000)	33.2	59.2	**47.4**
Adjusted operating profit per employee^ – year to 31 March 2019 (£'000)	57.2	68.2	63.1

^ *Based on average number of employees over the year.*
* *Restated as detailed on page 52.*

Goodwill and intangible assets

Amortisation of acquired intangibles of £16.1 million (2019: £15.8 million) largely relates to the Wealth & Investment business and mainly comprises amortisation of amounts attributable to client relationships.

Key balance sheet movements in goodwill and acquired intangibles since 31 March 2019 relate to the demerger and separate listing of Investec Asset Management which took place in March 2020 and the sale of the Irish Wealth & Investment business in October 2019. Other decreases are predominantly due to the depreciation of the Rand.

Goodwill and intangible assets analysis by geography and line of business

£'000	31 March 2020	31 March 2019
UK and Other	**261 183**	**356 048**
Asset Management	–	88 045
Wealth & Investment	236 318	243 228
Specialist Banking	24 865	24 775
South Africa	**9 442**	**10 822**
Wealth & Investment	1 631	1 922
Specialist Banking	7 811	8 900
Intangible assets	**86 300**	**107 237**
Wealth & Investment	69 331	82 306
Specialist Banking	16 969	24 931
Total group	**356 925**	**474 107**

Taxation

The tax charge on adjusted operating profit from continuing operations was £54.7 million (2019*: £49.1 million), resulting in an effective tax rate of 11.9% (2019*: 9.1%). The year-on-year increase was due to the normalisation of the effective tax rate in South Africa, partially offset by the release of provisions associated with settlements in the UK.

	Effective tax rates				
	31 March 2020	31 March 2019*	**31 March 2020 £'000**	31 March 2019* £'000	% change
UK and Other	(0.6%)	13.4%	706	(29 877)	(102.4%)
Southern Africa	16.5%	6.0%	(55 396)	(19 251)	>100%
Tax	**11.9%**	**9.1%**	**(54 690)**	**(49 128)**	**11.3%**

* *Restated as detailed on page 52.*

COVID-19 financial impact

In summary COVID-19 had the following impact on the group's profit after tax: in the South African Specialist Bank COVID-19 resulted in a reduction in after tax operating profit of £41 million (through higher impairment charges and negative fair value adjustments on certain portfolios partially offset by a reduction in variable remuneration and related taxation). In the UK Specialist Bank COVID-19 resulted in a reduction in after tax operating profit of £45 million (through higher impairment charges, hedging losses from structured products, and negative fair value adjustments on certain portfolios partially offset by a reduction in variable remuneration and related taxation).

31 March 2020 £'million	UK & Other	Southern Africa	Total Specialist Bank
Investment and trading income	61	36	97
Increase in ECL	38	20	58
Operating costs	(44)	(6)	(50)
Adjusted operating profit	**55**	**50**	**105**
Related taxation	(10)	(9)	(19)
Net reduction on after tax operating profits	**45**	**41**	**86**

The group remains committed to its objective to simplify and focus the business in pursuit of disciplined growth over the long-term.

In this regard the following strategic actions have been effected:

- Demerger of the asset management business
- Closure of Click & Invest which formed part of the UK wealth management business
- Sale of the Irish Wealth & Investment business
- Restructure of the Irish branch
- Closure and rundown of the Hong Kong direct investments business.

We have elected to separately disclose the financial impact of these strategic actions as the financial impact from group restructures and the rundown of portfolios where operations have ceased. Due to the significant change in the nature of the entity's operations, we consider it appropriate to present the information on a like-for-like basis, resulting in reclassifications for related items which were previously included in operating income and operating costs in the income statement.

In addition, from 1 April 2019, as a result of amendments to IAS 12 Income Taxes, tax relief on payments in relation to Other Additional Tier 1 securities has been recognised as a reduction in taxation on operating profit before goodwill, acquired intangibles and strategic actions, whereas it was previously recorded directly in retained income. Prior period comparatives have been restated, increasing the profit after taxation for the year to 31 March 2019 by £3.2 million.

These reclassifications in the income statement for the prior reported period have been shown on page 52.

The net effect on restated earnings attributable to shareholders relates solely to the tax previously included directly in equity which is now being reported in the income statement.

The net effect on restated adjusted earnings per share relates to:

- the inclusion of the tax relief previously recorded directly in equity which is now being recognised in the income statement; and
- the exclusion of the financial impact of the strategic actions which were included in adjusted operating profit in prior periods. Refer to page 48 for the calculation of adjusted operating profit and pages 171 to 173 for the calculation of adjusted earnings attributable to ordinary shareholders.

There has been no impact to Earnings per share or Headline earnings per share.

The effective date of the Asset Management business demerger was 13 March 2020 and admission of the Ninety One Limited shares and the Ninety One plc shares to the Johannesburg Stock Exchange and London Stock Exchange was effected on 16 March 2020. The global asset management business has been disclosed as a discontinued operation and the income statement for the prior period has been appropriately re-presented. Refer to pages 194 to 195 for discontinued operations.

Financial impact of strategic actions

£'000	**Year to 31 March 2020**	Year to 31 March 2019
Closure and rundown of the Hong Kong direct investments business*	(89 257)	(65 593)
Financial impact of group restructures	(25 725)	(14 591)
Closure of Click & Invest	(4 309)	(14 265)
Sale of the Irish Wealth & Investment business	19 741	–
Restructure of the Irish branch	(41 110)	(326)
Other	(47)	–
Financial impact of strategic actions – continuing operations	**(114 982)**	**(80 184)**
Taxation on financial impact of strategic actions from continuing operations	19 856	15 023
Net financial impact of strategic actions - continuing operations	**(95 126)**	**(65 161)**
Gain on distribution of Ninety One shares net of taxation and implementation costs	806 420	(6 333)
Net financial impact of strategic actions - Total group	**711 294**	**(71 494)**

* *Included within the balance are fair value adjustments of £83.2 million (March 2019: £57.8 million).*

£'000	Year to 31 March 2019 as previously reported	Re-presentation as a discontinued operation	Reclassification	**Year to 31 March 2019 restated**
Interest income	2 641 920	(5 677)	(4 421)	2 631 822
Interest expense	(1 826 493)	(6)	11 326	(1 815 173)
Net interest income	**815 427**	**(5 683)**	**6 905**	**816 649**
Fee and commission income	1 590 004	(731 401)	(26 940)	831 663
Fee and commission expense	(216 452)	174 500	2 947	(39 005)
Investment income	49 985	(25)	57 859	107 819
Share of post taxation profit of associates and joint venture holdings	68 317	–	(150)	68 167
Trading income arising from				
– customer flow	120 662	–	–	120 662
– balance sheet management and other trading activities	41 966	(5 058)	(79)	36 829
Other operating income	16 431	(5 395)	–	11 036
Total operating income before expected credit loss impairment charges	**2 486 340**	**(573 062)**	**40 542**	**1 953 820**
Expected credit loss impairment charges	(66 452)	(6)	–	(66 458)
Operating income	**2 419 888**	**(573 068)**	**40 542**	**1 887 362**
Operating costs	(1 695 012)	393 706	26 789	(1 274 517)
Depreciation on operating leased assets	(2 157)	–	–	(2 157)
Operating profit before goodwill, acquired intangibles and strategic actions	**722 719**	**(179 362)**	**67 331**	**610 688**
Impairment of goodwill	(155)	–	–	(155)
Amortisation of acquired intangibles	(15 816)	–	–	(15 816)
Closure and rundown of the Hong Kong direct investments business	–	–	(65 593)	(65 593)
Operating profit	**706 748**	**(179 362)**	**1 738**	**529 124**
Financial impact of group restructures	(19 543)	6 690	(1 738)	(14 591)
Profit before taxation	**687 205**	**(172 672)**	**–**	**514 533**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(78 210)	38 652	(9 570)	(49 128)
Taxation on goodwill, acquired intangibles and strategic actions	5 979	(357)	12 777	18 399
Profit after taxation from continuing operations	**614 974**	**(134 377)**	**3 207**	**483 804**
Profit after taxation from discontinued operations	**–**	**134 377**	**–**	**134 377**
Profit after taxation	**614 974**	**–**	**3 207**	**618 181**
Profit attributable to other non-controlling interests	(58 192)	–	–	(58 192)
Profit attributable to Asset Management non-controlling interests	(25 658)	–	–	(25 658)
Earnings attributable to shareholders	**531 124**	**–**	**3 207**	**534 331**
Earnings per share (pence)				
– Basic	52.0			52.0
– Diluted	50.9			50.9
– Basic for continuing operations	n/a			40.4
– Diluted for continuing operations	n/a			39.6
Adjusted earnings per share (pence)				
– Basic	55.1			60.9
– Diluted	54.0			59.7
– Basic for continuing operations	n/a			48.7
– Diluted for continuing operations	n/a			47.7
Headline earnings per share (pence)				
– Basic	52.6			52.6
– Diluted	51.5			51.5
– Basic for continuing operations	n/a			41.1
– Diluted for continuing operations	n/a			40.2

Net asset value per share

Net asset value per share amounted to 414.3 pence and net tangible asset value per share (which excludes goodwill and intangible assets) amounted to 377.6 pence. Net asset value was positively impacted by profitability and the demerger but negatively impacted by the 17.8% depreciation of the Rand year on year. The group's net asset value per share and net tangible asset value per share is reflected in the table below.

£'000	**31 March 2020**	31 March 2019
Shareholders' equity	4 030 823	4 316 413
Less: perpetual preference shares issued by holding companies	(168 518)	(194 156)
Ordinary shareholders' equity/net asset value	**3 862 305**	**4 122 257**
Less: goodwill and intangible assets (excluding software)	(342 282)	(456 397)
Tangible ordinary shareholders' equity/net tangible asset value	**3 520 023**	**3 665 860**
Number of shares in issue (million)	1 015.0	1 001.0
Treasury shares (million)	(82.8)	(51.3)
Number of shares in issue in this calculation (million)	**932.2**	**949.7**
Net asset value per share (pence)	**414.3**	**434.1**
Net tangible asset value per share (pence)	**377.6**	**386.0**

Return on equity

Total group £'000	**31 March 2020**	31 March 2019	Average	1 April 2018	Average
Ordinary shareholders' equity	**3 862 305**	**4 122 257**	**3 992 281**	**3 960 026**	**4 041 142**
Goodwill and intangible assets (excluding software)	(342 282)	(456 397)	(399 340)	(475 922)	(466 160)
Tangible ordinary shareholders' equity	**3 520 023**	**3 665 860**	**3 592 941**	**3 484 104**	**3 574 982**

Total group £'000	**31 March 2020**	31 March 2019*
Operating profit before goodwill, acquired intangibles and strategic actions	676 870	790 050
Non-controlling interests	(97 299)	(83 850)
Earnings attributable to perpetual preference and Other Additional Tier 1 security holders (other equity holders)	(43 819)	(44 524)
Adjusted earnings (pre-tax)	**535 752**	**661 676**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(95 890)	(87 780)
Adjusted earnings attributable to ordinary shareholders	**439 862**	**573 896**
Pre-tax return on average shareholders' equity (Pre-tax ROE)	13.4%	16.4%
Post-tax return on average shareholders' equity (Post-tax ROE)	11.0%	14.2%
Pre-tax return on average tangible shareholders' equity (Pre-tax ROTE)	14.9%	18.5%
Post-tax return on average tangible shareholders' equity (Pre-tax ROTE)	12.2%	16.1%

Continuing operations £'000	**31 March 2020**	31 March 2019	Average	1 April 2018	Average
Ordinary shareholders' equity	**3 862 305**	**3 917 960**	**3 871 201**	**3 760 610**	**3 839 285**
Goodwill and intangible assets (excluding software)	(342 282)	(368 352)	(392 949)	(387 877)	(378 115)
Tangible ordinary shareholders' equity	**3 520 023**	**3 549 608**	**3 478 252**	**3 372 733**	**3 461 170**

Continuing operations £'000	**31 March 2020**	31 March 2019*
Operating profit before goodwill, acquired intangibles and strategic actions	487 111	610 688
Non-controlling interests	(67 952)	(58 192)
Earnings attributable to perpetual preference and Other Additional Tier 1 security holders (other equity holders)	(43 819)	(44 524)
Adjusted earnings (pre-tax)	**375 340**	**507 972**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(54 690)	(49 128)
Adjusted earnings attributable to ordinary shareholders	**320 650**	**458 844**
Pre-tax return on average shareholders' equity (Pre-tax ROE)	9.7%	13.2%
Post-tax return on average shareholders' equity (Post-tax ROE)	8.3%	12.0%
Pre-tax return on average tangible shareholders' equity (Pre-tax ROTE)	10.8%	14.7%
Post-tax return on average tangible shareholders' equity (Pre-tax ROTE)	9.2%	13.3%

* *Restated as detailed on page 52.*

Return on equity by geography

£'000	UK and Other Continuing operations	 Discontinued operations	 Total group
Operating profit before goodwill, acquired intangibles and strategic actions	134 329	109 103	243 432
Non-controlling interests	(864)	(18 106)	(18 970)
Earnings attributable to other equity holders	(17 419)	–	(17 419)
Adjusted earnings (pre-tax)	**116 046**	**90 997**	**207 043**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	706	(19 112)	(18 406)
Adjusted earnings attributable to ordinary shareholders – 31 March 2020	**116 752**	**71 885**	**188 637**
Adjusted earnings attributable to ordinary shareholders – 31 March 2019*	183 457	73 097	256 554
Ordinary shareholders' equity – 31 March 2020	**2 076 961**	**–**	**2 076 961**
Goodwill and intangible assets (excluding software)	(325 294)	–	(325 294)
Tangible ordinary shareholders' equity– 31 March 2020	**1 751 667**	**–**	**1 751 667**
Ordinary shareholders' equity – 31 March 2019	**1 843 096**	**154 319**	**1 997 415**
Goodwill and intangible assets (excluding software)	(345 901)	(88 045)	(433 946)
Tangible ordinary shareholders' equity – 31 March 2019	**1 497 195**	**66 274**	**1 563 469**
Average ordinary shareholders' equity – 31 March 2020	**1 960 029**	**77 160**	**2 037 189**
Average ordinary shareholders' equity – 31 March 2019	1 761 316	156 491	1 917 807
Average tangible ordinary shareholders' equity – 31 March 2020	1 586 799	70 769	**1 657 568**
Average tangible ordinary shareholders' equity – 31 March 2019	1 408 820	68 445	1 477 265
Post-tax ROE – 31 March 2020	**6.0%**	**93.2%**	**9.3%**
Post-tax ROE – 31 March 2019*	10.4%	46.7%	13.4%
Post-tax ROTE – 31 March 2020	**7.4%**	**101.6%**	**11.4%**
Post-tax ROTE – 31 March 2019*	13.0%	106.8%	17.4%
Pre-tax ROE– 31 March 2020	**5.9%**	**117.9%**	**10.2%**
Pre-tax ROE – 31 March 2019*	12.1%	58.7%	15.9%
Pre-tax ROTE – 31 March 2020	**7.3%**	**128.6%**	**12.5%**
Pre-tax ROTE – 31 March 2019*	15.1%	134.3%	20.7%

* *Restated as detailed on page 52.*

Southern Africa			Total Group		
Continuing operations	Discontinued operations	**Total group**	Continuing operations	Discontinued operations	**Total group**
352 782	80 656	433 438	487 111	189 759	676 870
(67 088)	(11 241)	(78 329)	(67 952)	(29 347)	(97 299)
(26 400)	–	(26 400)	(43 819)	–	(43 819)
259 294	**69 415**	**328 709**	**375 340**	**160 412**	**535 752**
(55 396)	(22 088)	(77 484)	(54 690)	(41 200)	(95 890)
203 898	**47 327**	**251 225**	**320 650**	**119 212**	**439 862**
275 387	41 955	317 342	458 844	115 052	573 896
1 785 344	**–**	**1 785 344**	**3 862 305**	**–**	**3 862 305**
(16 988)	–	(16 988)	(342 282)	–	(342 282)
1 768 356	**–**	**1 768 356**	**3 520 023**	**–**	**3 520 023**
2 074 864	**49 978**	**2 124 842**	**3 917 960**	**204 297**	**4 122 257**
(22 451)	–	(22 451)	(368 352)	(88 045)	(456 397)
2 052 413	**49 978**	**2 102 391**	**3 549 608**	**116 252**	**3 665 860**
1 911 171	**43 921**	**1 955 092**	**3 871 200**	**121 081**	**3 992 281**
2 077 967	45 368	2 123 335	3 839 283	201 859	4 041 142
1 891 453	**43 920**	**1 935 373**	**3 478 252**	**114 689**	**3 592 941**
2 052 349	45 368	2 097 717	3 461 169	113 813	3 574 982
10.7%	**107.8%**	**12.8%**	**8.3%**	**98.5%**	**11.0%**
13.3%	92.5%	14.9%	12.0%	57.0%	14.2%
10.8%	**107.8%**	**13.0%**	**9.2%**	**103.9%**	**12.2%**
13.4%	92.5%	15.1%	13.3%	101.1%	16.1%
13.6%	**158.0%**	**16.8%**	**9.7%**	**132.5%**	**13.4%**
14.2%	136.2%	16.8%	13.2%	76.1%	16.4%
13.7%	**158.0%**	**17.0%**	**10.8%**	**139.9%**	**14.9%**
14.4%	136.2%	17.0%	14.7%	135.0%	18.5%

Return on equity by business and geography

£'000	Specialist Bank: UK excluding Group Investments	UK Group Investments	UK and Other	SA excluding Group Investments	SA Group Investments	Southern Africa	Total
Adjusted operating profit	**102 644**	**4 091**	**106 735**	**263 729**	**12 633**	**276 362**	**383 097**
Notional return on regulatory capital	(4 206)	–	(4 206)	(1 634)	–	(1 634)	(5 840)
Notional cost of statutory capital	4 967	–	4 967	–	–	–	4 967
Cost of subordinated debt	734	–	734	344	–	344	1 078
Earnings attributable to other equity holders	(16 943)	–	(16 943)	(26 113)	–	(26 113)	(43 056)
Adjusted earnings (pre-tax) – 2020	**87 196**	**4 091**	**91 287**	**236 326**	**12 633**	**248 959**	**340 246**
Tax on operating profit before goodwill, acquired intangibles and strategic actions	7 776	–	7 776	(47 886)	(3 425)	(51 311)	(43 535)
Adjusted earnings attributable to ordinary shareholders – 2020	**94 972**	**4 091**	**99 063**	**188 440**	**9 208**	**197 648**	**296 711**
Adjusted earnings (pre-tax) – 2019**	**179 206**	**–**	**179 206**	**255 123**	**27 289**	**282 412**	**461 618**
Adjusted earnings attributable to ordinary shareholders – 2019**	**155 498**	**–**	**155 498**	**232 211**	**30 608**	**262 818**	**418 317**
Ordinary shareholders' equity – 2020	**1 578 704**	**97 640**	**1 676 344**	**1 469 690**	**291 085**	**1 760 775**	**3 437 119**
Goodwill and intangible assets (excluding software)	(24 866)	–	(24 866)	(15 357)	–	(15 357)	(40 223)
Tangible ordinary shareholders' equity – 2020	**1 553 838**	**97 640**	**1 651 478**	**1 454 333**	**291 085**	**1 745 418**	**3 396 896**
Ordinary shareholders' equity – 2019	1 463 048	–	1 463 048	1 713 771	340 430	2 054 201	3 517 249
Goodwill and intangible assets (excluding software)	(22 441)	–	(22 441)	(20 529)	–	(20 529)	(42 970)
Tangible ordinary shareholders' equity – 2019	1 440 607	–	1 440 607	1 693 242	340 430	2 033 672	3 474 279
Average ordinary shareholders' equity – 2020	**1 520 876**	**48 820**	**1 569 696**	**1 572 798**	**315 758**	**1 888 556**	**3 458 252**
Average ordinary shareholders' equity – 2019	1 384 765	–	1 384 765	1 703 058	353 989	2 057 047	3 441 812
Average tangible ordinary shareholders' equity – 2020	**1 459 590**	**48 820**	**1 508 410**	**1 554 855**	**315 758**	**1 870 613**	**3 379 023**
Average tangible ordinary shareholders' equity – 2019	1 182 679	–	1 182 679	1 676 720	353 989	2 030 709	3 213 388
Pre-tax ROE– 31 March 2020	**5.7%**	**8.4%**	**5.8%**	**15.0%**	**4.0%**	**13.2%**	**9.8%**
Pre-tax ROE – 31 March 2019**	12.9%	n/a	12.9%	15.0%	7.7%	13.7%	13.4%
Post-tax ROE – 31 March 2020	**6.2%**	**8.4%**	**6.3%**	**12.0%**	**2.9%**	**10.5%**	**8.6%**
Post-tax ROE – 31 March 2019**	11.2%	–	11.2%	13.6%	8.6%	12.8%	12.2%
Pre-tax ROTE – 31 March 2020	**6.0%**	**8.4%**	**6.1%**	**15.2%**	**4.0%**	**13.3%**	**10.1%**
Pre-tax ROTE – 31 March 2019**	15.2%	–	15.2%	15.2%	7.7%	13.9%	14.4%
Post-tax ROTE – 31 March 2020	**6.5%**	**8.4%**	**6.6%**	**12.1%**	**2.9%**	**10.6%**	**8.8%**
Post-tax ROTE – 31 March 2019**	13.1%	–	13.1%	13.8%	8.6%	12.9%	13%

\# *The return on equity by business is based on the level of internal capital required by each business, inclusive of an allocation of any surplus capital held by group. The operating profit is adjusted to reflect a capital structure that includes common equity, additional tier 1 capital instruments and subordinated debt.*

^ *Wealth & Investment is consistent with the group computation, except for an adjustment of £159.1 million between ordinary shareholders' funds and goodwill, which represents historical accounting gains with a corresponding effective increase in goodwill and intangible assets. These gains were excluded from group adjusted earnings.*

** *Restated as detailed on page 52.*

	Wealth & Investment			Group costs			Wealth & Investment goodwill adjustment^			Total group		
	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	Total	UK and Other	Southern Africa	Total	**UK and Other**	**Southern Africa**	**Total**
	63 018	**26 848**	**89 866**	**(36 288)**	**(17 516)**	**(53 804)**	**–**	**–**	**–**	**133 465**	**285 694**	**419 159**
	4 206	1 634	5 840	–	–	–	–	–	–	–	–	–
	(4 967)	–	(4 967)	–	–	–	–	–	–	–	–	–
	(734)	(344)	(1 078)	–	–	–	–	–	–	–	–	–
	(476)	(287)	(763)	–	–	–	–	–	–	(17 419)	(26 400)	(43 819)
	61 047	**27 851**	**88 898**	**(36 288)**	**(17 516)**	**(53 804)**	**–**	**–**	**–**	**116 046**	**259 294**	**375 340**
	(13 965)	(7 238)	(21 203)	6 895	3 153	10 048	–	–	–	706	(55 396)	(54 690)
	47 082	**20 613**	**67 695**	**(29 393)**	**(14 363)**	**(43 756)**	**–**	**–**	**–**	**116 752**	**203 898**	**320 650**
	65 645	**27 052**	**92 697**	**(31 518)**	**(14 825)**	**(46 343)**	**–**	**–**	**–**	**213 333**	**294 639**	**507 972**
	53 489	**24 726**	**78 214**	**(25 530)**	**(12 157)**	**(37 686)**	**–**	**–**	**–**	**183 457**	**275 387**	**458 844**
	241 567	**24 569**	**266 136**	**–**	**–**	**–**	**159 050**	**–**	**159 050**	**2 076 961**	**1 785 344**	**3 862 305**
	(141 378)	(1 631)	(143 009)	–	–	–	(159 050)	–	(159 050)	(325 294)	(16 988)	(342 282)
	100 189	**22 938**	**123 127**	**–**	**–**	**–**	**–**	**–**	**–**	**1 751 667**	**1 768 356**	**3 520 023**
	220 998	20 663	241 661	–	–	–	159 050	–	159 050	1 843 096	2 074 864	3 917 960
	(164 410)	(1 922)	(166 332)	–	–	–	(159 050)	–	(159 050)	(345 901)	(22 451)	(368 352)
	56 588	18 741	75 329	–	–	–	–	–	–	1 497 195	2 052 413	3 549 608
	231 283	**22 615**	**253 898**	**–**	**–**	**–**	**159 050**	**–**	**159 050**	**1 960 029**	**1 911 171**	**3 871 200**
	217 501	20 920	238 421	–	–	–	159 050	–	159 050	1 761 316	2 077 967	3 839 283
	78 389	**20 840**	**99 229**	**–**	**–**	**–**	**–**	**–**	**–**	**1 586 799**	**1 891 453**	**3 478 252**
	226 141	21 640	247 781	–	–	–	–	–	–	1 408 820	2 052 349	3 461 169
	26.4%	**123.1%**	**35.0%**	**–**	**–**	**–**	**–**	**–**	**–**	**5.9%**	**13.6%**	**9.7%**
	30.2%	129.3%	38.9%	–	–	–	–	–	–	12.1%	14.2%	13.2%
	20.4%	**91.1%**	**26.7%**	**–**	**–**	**–**	**–**	**–**	**–**	**6%**	**10.7%**	**8.3%**
	24.6%	118.2%	32.8%							10.4%	13.3%	12%
	77.9%	**133.6%**	**89.6%**							**7.3%**	**13.7%**	**10.8%**
	29.0%	125%	37.4%							15.1%	14.4%	14.7%
	60.1%	**98.9%**	**68.2%**							**7.4%**	**10.8%**	**9.2%**
	23.7%	114.3%	31.6%	–	–	–	–	–	–	13%	13.4%	13.3%

Return on risk-weighted assets

The group's return on risk-weighted assets is reflected in the table below.

	31 March 2020	31 March 2019*	Average risk-weighted assets	31 March 2018	Average risk-weighted assets
Adjusted earnings attributable to ordinary shareholders (£'000) – Total group	**439 862**	**573 896**		**491 062**	
Adjusted earnings attributable to ordinary shareholders (£'000) – Continuing operations	**320 650**	**458 844**		**374 691**	
Investec plc risk-weighted assets (£'million)	16 285	15 313	15 799	14 411	14 862
Investec Limited risk-weighted assets (£'million)	15 247	16 945	16 096	20 366	18 655
Total risk-weighted assets (£'million)	**31 532**	**32 258**	**31 895**	**34 777**	**33 517**
Return on risk-weighted assets – Total group	**1.38%**	**1.71%**		**1.45%**	
Return on risk-weighted assets – Continuing operations	**1.01%**	**1.37%**		**1.11%**	
Investec Limited risk-weighted assets (R'million)	337 755	318 533	328 144	338 484	328 509

* *Restated as detailed on page 52.*

Total third party assets under management

£'million	**31 March 2020**	31 March 2019	% change
Wealth & Investment	**44 510**	**55 121**	**(19.3%)**
UK and Other	**33 117**	**36 671**	**(9.7%)**
Discretionary	27 599	29 966	(7.9%)
Non-discretionary	5 518	6 705	(17.7%)
Southern Africa	**11 393**	**16 003**	**(28.8%)**
Discretionary and annuity assets	5 982	6 999	(14.5%)
Non-discretionary	5 411	9 004	(39.9%)
Ireland*	**–**	**2 447**	**(100.0%)**
Specialist Bank	**508**	**633**	**(19.7%)**
	45 018	**55 754**	**(19.3%)**

* *The Irish Wealth & Investment business, which was sold during the year included funds under management totalling £2.4 billion (£0.8 billion discretionary and £1.6 billion non-discretionary) as at 31 March 2019.*

Capital management and allocation

We hold capital in excess of regulatory requirements targeting a minimum common equity tier 1 capital ratio of 10% and a total capital adequacy ratio range of 14% – 17% on a consolidated basis for each of Investec plc and Investec Limited.

Further information is provided on pages 77 to 90 in volume two of the Investec group's 2020 integrated annual report.

A summary of capital adequacy and leverage ratios

	Standardised^^^		FIRB			
	Investec plc°*	IBP°*	**Investec Limited*^**	IBL*^	**Investec Limited*^**	IBL*^
As at 30 March 2020						
Common equity tier 1 (as reported)	10.7%	11.5%	10.9%	12.1%		
Common equity tier 1 ('fully loaded')^^	10.3%	11.1%	10.9%	12.1%		
Tier 1 (as reported)	12.4%	13.1%	11.5%	12.3%		
Total capital ratio (as reported)	14.9%	16.5%	15.0%	16.4%		
Leverage ratio** – current	7.8%	8.0%	6.4%	6.9%		
Leverage ratio** – 'fully loaded'^^	7.4%	7.7%	6.3%	6.8%		
Leverage ratio** – current UK leverage ratio framework##	8.9%	9.1%	n/a	n/a		

	Standardised^^^		Pro forma FIRB***		Standardised^^^	
	Investec plc°*	IBP°*	**Investec Limited*^**	IBL*^	**Investec Limited*^**	IBL*^
As at 31 March 2019						
Common equity tier 1 (as reported)	10.8%	11.4%	11.6%	12.5%	10.5%	11.2%
Common equity tier 1 ('fully loaded')^^	10.4%	10.9%	11.6%	12.5%	10.5%	11.1%
Tier 1 (as reported)	12.6%	13.1%	12.4%	12.8%	11.2%	11.5%
Total capital ratio (as reported)	15.7%	17.1%	16.0%	17.7%	14.9%	15.8%
Leverage ratio** – current	7.9%	8.0%	7.4%	7.6%	7.6%	7.7%
Leverage ratio** – 'fully loaded'^^	7.5%	7.7%	7.2%	7.5%	7.3%	7.6%
Leverage ratio** – current UK leverage ratio framework##	10.0%	10.1%	n/a	n/a	n/a	n/a

* *Where: IBP is Investec Bank plc consolidated and IBL is Investec Bank Limited. The information for Investec plc includes the information for IBP. The information for Investec Limited includes the information for IBL.*

** *The leverage ratios are calculated on an end-quarter basis.*

*** *We have approval to adopt the Foundation Internal Ratings Based (FIRB) approach, affective 1 April 2019. We present numbers on a pro forma basis for 31 March 2019.*

° *The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc and Investec Bank plc this does not include the deduction of foreseeable charges and dividends when calculating the CET 1 ratio as required under the Capital Requirements Regulation and European Banking Authority technical standards. The impact of this deduction totalling £0 million (31 March 2019: £63 million) for Investec plc and £0 million (31 March 2019: £19 million) for IBP would lower the CET1 ratio by 0bps (31 March 2019: 41bps) and 0bps (31 March 2019: 13bps) respectively.*

^ *Investec Limited's and IBL's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's and IBL's CET1 ratio would be 24bps and 15bps lower. At 31 March 2019, Investec Limited's and IBL's CET1 ratio would be 27bps and 14bps lower*

^^ *The CET1 fully loaded ratio and the fully loaded leverage ratio assumes full adoption of IFRS 9 and full adoption of all CRDIV rules of South African Prudential Authority regulations. As a result of the adoption of IFRS 9 Investec plc elected to designate its subordinated fixed rate medium-term notes due in 2022 at fair value. By the time of full adoption of IFRS 9 in 2023, these subordinated liabilities will have reached final maturity and will be redeemed at par value. The remaining interest rate portion of the fair value adjustment at 31 March 2020 of £9 million (post-taxation), has therefore been excluded from the fully loaded ratios as it will be released into profit and loss over the remaining life of the investment.*

^^^ *The reported CET1, T1 and total capital adequacy ratios are calculated applying the IFRS 9 transitional arrangements.*

Investec plc is not subject to the UK leverage ratio framework, however, for comparative purposes this ratio has been disclosed. This framework excludes qualifying central bank balances from the calculation of the leverage exposure measure.

3 DIVISIONAL REVIEW

We partner with private, institutional and corporate clients to offer international banking, investment and wealth management services in two principal markets, South Africa and the UK as well as certain other countries.

There are therefore a number of key income drivers for our business which are discussed below and alongside.

Wealth & Investment

Key income drivers

- Investment management fees levied as a percentage of assets under management
- Commissions earned for executing transactions for clients.

Income impacted primarily by

- Movement in the value of assets underlying client portfolios
- The level of investment activity undertaken on behalf of clients, which, in turn, is affected by, among other things, the performance of the global stock markets (which drives investment opportunities), the equity investment risk appetite of our clients, tax considerations and market liquidity.

Income statement – primarily reflected as

- Fees and commissions.

Specialist Banking

Key income drivers	Income impacted primarily by	Income statement – primarily reflected as
• Lending activities.	• Size of loan portfolio • Clients' capital and infrastructural investments • Client activity • Credit spreads • Interest rate environment.	• Net interest income • Fees and commissions • Investment income.
• Cash and near cash balances.	• Capital employed in the business and capital adequacy targets • Asset and liability management policies and risk appetite • Regulatory requirements • Credit spreads • Interest rate environment.	• Net interest income • Trading income arising from balance sheet management activities.
• Deposit and product structuring and distribution.	• Distribution channels • Client numbers • Ability to create innovative products • Regulatory requirements • Credit spreads • Interest rate environment.	• Net interest income • Fees and commissions.
• Investments made (including listed and unlisted equities; debt securities; investment properties) • Gains or losses on investments • Dividends received.	• Macro- and micro-economic market conditions • Availability of profitable exit routes • Whether appropriate market conditions exist to maximise gains on sale • Attractive investment opportunities • Credit spreads • Interest rate environment.	• Net interest income • Investment income • Share of post taxation profit of associates.
• Advisory services.	• The demand for our specialised advisory services, which, in turn, is affected by applicable regulatory and other macro- and micro-economic fundamentals.	• Fees and commissions.
• Derivative sales, trading and hedging.	• Client activity, including lending activity • Client numbers • Market conditions/volatility • Asset and liability creation • Product innovation.	• Fees and commissions • Trading income arising from customer flow.
• Transactional banking services.	• Levels of activity • Ability to create innovative products • Appropriate systems infrastructure • Interest rate environment.	• Net interest income • Fees and commissions.

Key income drivers in our core businesses

The information below reflects our key income drivers in our core businesses.

Wealth & Investment

Global business (in Pounds Sterling)	31 March 2020	31 March 2019**	31 March 2018	31 March 2017	31 March 2016
Operating margin	22.2%	24.1%	24.3%	25.9%	26.4%
Net flows in funds under management as a % of opening funds under management	1.1%	0.7%	3.6%	2.7%	4.5%
Average income yield earned on funds under management^	0.81%	0.72%	0.73%	0.72%	0.71%
UK and Other^^ (in Pounds Sterling)					
Operating margin	19.8%	22.3%	22.0%	23.5%	24.6%
Net flows in funds under management as a % of opening funds under management	1.2%	0.4%	5.0%	4.2%	4.5%
Average income yield earned on funds under management^	0.88%	0.83%	0.87%	0.85%	0.87%
Southern Africa (in Rands)					
Operating margin	30.4%	31.1%	32.3%	33.8%	33.1%
Net organic growth in discretionary and annuity funds under management as a % of opening funds under management	6.1%	4.0%	4.6%	8.1%	10.4%
Average income yield earned on funds under management^*	0.60%	0.49%	0.49%	0.47%	0.45%

^ *The average income yield on funds under management represents the total operating income for the period as a percentage of the average of opening and closing funds under management. This calculation does not adjust for the impact of market movements throughout the period on funds under management or the timing of acquisitions and disposals during the respective periods.*
^^ *'Other' comprises the Wealth operations in Switzerland, Channel Islands, Ireland (up until its sale in October 2019) and Hong Kong (up until closure in July 2019). Excluding 'Other' Investec Wealth & Investment UK has an operating margin of 22.4% (31 March 2019: 26.3%) and achieved net organic growth in discretionary funds under management as a % of opening discretionary funds under management of 1.9%.*
* *A large portion of the funds under management are non-discretionary funds.*
** *Restated as detailed on page 52.*

DIVISIONAL KEY INCOME DRIVERS

(continued)

Specialist Banking

Global business (in Pounds Sterling)	31 March 2020	31 March 2019**	31 March 2018	31 March 2017	31 March 2016
Cost to income ratio	61.2%	61.9%	63.4%	63.3%	61.9%
ROE post-tax^	8.6%	12.2%	9.2%	10.5%	10.1%
ROE post-tax^ (ongoing business)	n/a	n/a	11.7%	12.6%	13.0%
Growth in net core loans	(0.1%)	(0.8%)	10.7%	25.3%	5.4%
Currency neutral growth in net core loans	9.2%	6.8%	5.3%	7.6%	–
Growth in risk-weighted assets	(6.6%)°	(0.7%)	5.6%	22.2%	2.2%
Stage 3/defaults net of ECL as a % of net core loans and advances subject to ECL*	1.6%	1.3%	1.2%	1.2%	1.5%
Credit loss ratio on core loans	0.52%	0.31%	0.61%	0.54%	0.62%
UK and Other^^ (in Pounds Sterling)					
Cost to income ratio	71.1%	71.6%	76.7%	74.8%	72.9%
ROE post-tax^	6.3%	11.2%	3.2%	7.0%	5.5%
ROE post-tax^ (ongoing business)	n/a	n/a	8.5%	11.5%	11.4%
ROE post tax excluding Group investments#	6.2%	11.2%	n/d	n/d	n/d
Growth in net core loans	12.9%	8.5%	12.4%	10.5%	10.5%
Growth in risk-weighted assets	10.8%	6.2%	8.2%	8.4%	6.7%
Stage 3/defaults net of ECL as a % of net core loans and advances subject to ECL*	2.4%	2.2%	2.2%	1.6%	2.2%
Credit loss ratio on core loans	0.69%	0.38%	1.14%	0.90%	1.13%
Southern Africa (in Rands)					
Cost to income ratio	52.3%	51.7%	50.6%	51.1%	49.9%
ROE post-tax^	10.5%	12.8%	14.6%	12.7%	15.1%
ROE post tax excluding Group investments#	12.0%	13.6%	n/d	n/d	n/d
Growth in net core loans	6.5%	5.6%	8.7%	8.4%	19.7%
Growth in risk-weighted assets	(5.4%)°	7.2%	3.0%	6.2%	15.1%
Stage 3/defaults net of ECL as a % of net core loans and advances subject to ECL*	0.9%	0.8%	0.6%	1.0%	1.1%
Credit loss ratio on core loans	0.36%	0.28%	0.28%	0.29%	0.26%

^ *Refer to pages 56 to 57 for the calculation of divisional ROEs.*
* *All information post 1 April 2018 has been presented on an IFRS 9 basis. Adoption of IFRS 9 required a move from an incurred loss model to an expected credit loss methodology. Comparative information has been presented on an IAS 39 basis.*
\# *Refer to page 75 for further information on Group's investments.*
** *Restated as detailed on page 52.*
° *Investec Limited adopted the Foundation Internal Ratings Based (FIRB) approach for the measurement of credit capital effective 1 April 2019. Risk-weighted assets in prior periods were calculated using the Standardised approach.*
Where n/a is not applicable.
Where n/d is not disclosed.

Investec Wealth & Investment offers its clients comfort in its scale, international reach and depth of investment processes. Investec Wealth & Investment is one of the UK's leading private client investment managers and one of the largest managers of private wealth in South Africa.

At 31 March 2020

UK head
Jonathan Wragg^

South Africa head
Henry Blumenthal

Net inflows of
£0.6bn
(2019: £0.4bn)

Assets under management
£44.5 bn
(2019: £55.1bn)

Operating margin
22.2%
(2019*: 24.1%)

Adjusted operating profit amounted to
£89.9mn
(2019*: £96.9mn)

The business specialises in wealth management, portfolio management, private office and stockbroking services for individuals, families, trusts and charities.

Investec Wealth & Investment is one of the UK's leading private client investment managers, and one of the largest managers of private wealth in South Africa.

* *Restated as detailed on page 52.*
^ *Jonathan Wragg stepped down from his role as UK Head on 1 April 2020 and will be succeeded subject to regulatory approval by Ciaran Whelan.*

Our value proposition

- Investec Wealth & Investment has been built via the acquisition and integration of businesses and organic growth over a long period of time
- Well-established platforms in the UK, South Africa, Switzerland, and Guernsey
- The business has four distinct channels: direct, intermediaries, charities, and international
- Strategy to enhance our range of services for the benefit of our clients
- Focus is on organic growth in our key markets, and by acquisition where there is a good strategic and cultural fit.

Where we operate

UK and Other

One of the UK's leading private client investment managers

Brand well recognised

Established platforms and distribution in the UK, Switzerland, and Guernsey

Proven ability to attract and recruit investment managers

£33.1 billion FUM

South Africa and Mauritius

Strong brand and positioning

One of the largest managers of private wealth in South Africa

Further developing Wealth & Investment capability in Mauritius

R252.4 billion FUM

What we do

UK and Europe

Investment and savings

- Discretionary and advisory portfolio management services for private clients
- Specialist investment management services for charities, pension schemes and trusts
- Independent financial planning advice for private clients
- Specialist portfolio management services for international clients.

Pensions and retirement

- Discretionary investment management for company pension and Self Invested Personal Pensions (SIPPs)
- Advice and guidance on pension schemes.

Financial planning

- Retirement planning
- Succession planning
- Bespoke advice and independent financial reviews.

Southern Africa

Investec Wealth & Investment operates from eight offices across South Africa and provides portfolio management, wealth management and stockbroking services for private clients, charities, pension funds and trusts.

Q&A

Jonathan Wragg *Ciaran Whelan*

UK and Other business leaders

Q *How did the operating environment impact your business over the past financial year?*

The events of the last quarter and the sudden market contraction in March, as a result of growing concerns regarding COVID-19, continue to dominate the current operating environment and did somewhat impact business performance in the last part of the year.

In the UK, prior to the onset of COVID-19, equity indices had already exhibited a degree of volatility during the period. Most of the year was characterised by uncertainty over the outcome of Brexit discussions and the heightened level of geo-political risks. Given this backdrop, UK private clients and intermediaries exercised caution, resulting in lower rates of growth in net new funds across the industry.

Following the conclusive election result in the UK in December, markets rose in anticipation of a future trade agreement and with greater confidence in the outcome. This resulted in a short-term increase in private client activity prior to the onset of COVID-19. It is notable that our business continued to achieve positive net organic growth in funds under management in the UK for the financial year.

We have long-standing relationships with the majority of our clients who have been with us through previous periods of extreme market volatility and who have shown considerable trust, resilience and understanding, with net inflows being experienced in the month of March. Our key focus has been on providing the advice and expertise which they expect and deserve, especially at times like these.

Q *What progress was made in the past financial year in respect of the group's key strategic objectives?*

Over the past year, we focused on the group's key strategic commitments to ensure progress and delivery of our 2022 targets, while continuing to focus on maintaining and building the resilience of the business.

Capital allocation

We retained our disciplined approach to capital allocation – the decision to close the UK Click & Invest digital service in May 2019 demonstrated our commitment to this objective. In addition, and in light of changes to Investec's Irish business model brought about by Brexit planning, we sold our Irish wealth management business during the period.

With the onset of COVID-19, we reinforced this focus on capital stewardship. We have always maintained a high degree of liquidity and balance sheet strength, which stand us in good stead for the current, and any future, stress.

Growth initiatives

During the year, we established a new strategic transformation team to drive growth and implement our initiatives at speed. A key priority was the development of a new service offering to address future wealth planning needs of both existing and new clients. A pilot launch will commence in May 2020.

At a regional level, we have continued the strategy of hiring individuals to support growth and we have established a new office in Bristol, a strategic location in the South West, migrating the existing office in Bath.

Within our intermediaries division, a key source of growth, we took the decision to expand our offering and are launching a new Managed Portfolio Service for IFAs, available on leading platforms, to complement our successful and award winning Discretionary Fund Management (DFM) service.

Cost management

We faced upward cost pressures in the industry and specifically an unanticipated significant increase in the Financial Services Compensation Scheme (FSCS) levy, of almost double the prior year. In light of this and the current operating environment, management has had to strike a balance between effective cost management and the need to invest in the business for the future.

The latter included the recruitment of additional client facing staff in pursuit of long-term growth and expansion of our advice capability. In addition, planned increases in technology headcount peaked in the first half of the year to support specific regulatory and business driven projects, however, this has since been managed down, with this trend expected to continue into the next financial year.

On a company wide basis, in the second half of the year we launched a targeted programme to realise savings across a number of business areas.

Connectivity

Connectivity between the Specialist Banking and Wealth & Investment businesses remains a key focus and we identified specific client segments as priority for collaboration.

We have strengthened our international wealth proposition which will be led out of the UK, but will draw together all the relevant services of Investec across Specialist Banking and Wealth & Investment businesses internationally.

Between the UK and South African businesses, our Global Investment Strategy integrates our investment process across the regions, thus leveraging our expertise in South Africa and the UK. In addition, during the course of the year we strengthened our ESG research process, in line with a greater consciousness for ethical, sustainable and sound governance-based investments.

Digitalisation

We have accelerated our investment in our critical technology and digital programmes.

In September, we launched a new platform to streamline and enhance client documentation and investment proposals. A further development was to reduce the amount of paperwork for clients, with an increased number of clients subscribing to our online services. We also completed the migration to the new Investec online portal and the roll out of our upgraded electronic filing systems.

As a result of COVID-19, the vast majority of our staff have been working from home and keeping in regular contact with clients remotely. Our systems have proven robust and the transition to remote working has been relatively seamless.

Q *What were the key challenges in your business over the past year?*

In the first part of the year we navigated a challenging operating environment; managing the uncertainty caused by Brexit and the US/China trade tensions. Clients were naturally unsettled during that period and our priority was to ensure that they were well serviced and well prepared.

Clearly the most significant challenge has come at the end of the financial year and has been the impact on clients, staff and other stakeholders from COVID-19. We are extremely proud of the way that our people have risen to this challenge and the flexibility shown in finding ways to engage clients and to meet their responsibilities.

Q *What are your strategic objectives in the coming financial year?*

Our purpose is to help relieve clients from the burden (and potential anxiety) of looking after their financial affairs and we believe this role will be even more important in the recovery period following COVID-19.

Whilst it is not possible to predict exactly how we may need to navigate the post-COVID-19 environment, our fundamental objectives remain unchanged:

- Commitment to delivering 'One Investec', through enhanced collaboration across the global Wealth & Investment business as well as with the wider Investec group
- Acceleration of our Financial Planning and Advice capabilities as the demand for wider advice continues to grow
- Delivering excellent client service and increasing the scope of our offering for intermediary clients, which should accelerate our growth in this segment
- Continued enhancements to our digital and technology platforms in order to ensure that we are fit for the future, not just the present
- Vigilance regarding cost control.

Q *How do you incorporate climate, environmental and social considerations into your business?*

Investec Wealth & Investment is committed to managing its portfolios in a prudent and responsible manner to ensure the long-term health and stability of the market as a whole. Our investment process has long taken into consideration a number of key factors such as financial and non-financial performance and risk, capital structure and corporate governance metrics. We believe that failing to adhere to sound business practices will harm a company from a financial point of view, or in terms of reputation, with a consequent negative impact on investment returns. This is bolstered by input from third party service providers who score each of the companies in our core research universe on a variety of ESG metrics including environmental credentials, business ethics and human rights issues. This allows us to add a quantitative ESG overlay to our normal assessment of a company's investment appeal in the broadest sense.

Further to this, the charities business has always had a key focus on responsible investing. ESG factors are incorporated into our standard investment process, from which all clients benefit. We also have the ability to add specific additional restrictions on a client-by-client basis, which is a key benefit of our bespoke approach. We have been working with charities in the UK for more than 80 years and currently manage £2.9 billion on behalf of nearly 1 169 charities. We work closely with each charity client to create an investment portfolio that is tailored to their needs, aims and ethical considerations.

Q

What is your outlook for the coming financial year?

Much of the future outlook is clearly dependent on the development of the COVID-19 virus and progress in controlling the pandemic. The outcome of this effort and the consequent impact on financial markets, will be the largest determinant of the impact on performance of the business in the coming financial year.

Nevertheless, we approach the future confident that we have the skills and experience to navigate these unprecedented circumstances. The business has strong foundations, honed over many years and the support of a very loyal client franchise, both direct and via intermediaries. The balance sheet is resilient and liquidity robust.

We also expect that there will be opportunities emerging from the pandemic – increasing demand for advice and more rapid digitalisation, for example – and we are positioning ourselves to capitalise on those.

The new financial year has started with a leadership transition; after more than 20 years with Investec, including the past decade as chief executive officer (CEO) of the UK Wealth & Investment business, Jonathan Wragg stepped down from his position as CEO on 1 April 2020. He is succeeded by Ciaran Whelan (acting Investec group head of risk) subject to regulatory approval. Jonathan and Ciaran will be working together through a handover period to 30 June 2020. The group thanks Jonathan for his many years of dedication, commitment, and the work that he has done in helping to build the UK Wealth & Investment business.

To conclude, most importantly, our prime objective remains to support and stay close to our clients, to ensure we continue to deliver the excellence of service that they expect and value.

Q&A

Henry Blumenthal

Southern Africa business leader

Q How did the operating environment impact your business over the past financial year?

The operating environment in South Africa has been characterised by persistent market volatility, structural challenges, and weak growth. Notwithstanding this, we have generated significant inflows from our discretionary and annuity client base during the year. Clients continued to internationalise their investment portfolios leveraging off our unique offering which allows clients to invest and bank locally and in the UK, all in One Place™.

The immediate reaction of financial markets to the COVID-19 pandemic and consequent action taken across the globe to "flatten the curve" resulted in a contraction of equity markets globally as well as a weakening of the Rand. This impacted overall levels of assets under management at financial year-end.

The operational response of our business has been a robust, agile transition into remote working, enabling a seamless continuation of service to our clients.

Q What progress was made in the past financial year in respect of the group's key strategic objectives?

Over the course of the year, we expanded our fiduciary and estate planning offering and continued with the development of our High Net Worth private client value proposition in conjunction with the Private Banking business. This, together with our increased focus on alternative assets, contributed to further developing our strategic offering. Furthermore, segmenting our client base has created space to enhance the efficiency and effectiveness of our business.

Our international offering has gained further traction, providing clients access to global investment opportunities across a broad investment universe. We expect this trend to continue.

We have continued to invest in our people, by actively focusing on learning and development, transformation, diversity and inclusion as well as culture and team development aimed at creating a culture of belonging, excellence, and personal growth.

Enhancement of our IT and digital capabilities across online reporting, data and client management have focused on improving client service and encouraging growth.

Q What were the key challenges in your business over the past year?

Global market volatility, as well as structural challenges and weak growth in South Africa persisted through the year.
The COVID-19 pandemic in the last quarter of the financial year led to unprecedented market volatility, exacerbated by rating agency downgrades of the South African sovereign. Almost all asset classes have come under pressure, providing little room to achieve the desired level of investment returns.

Our frequent, personal engagement with our clients has helped navigate the continued low levels of investor and business confidence. These factors emphasise the importance of ensuring we maintain and enhance our solid underlying investment philosophy as well as strong client relationships.

Q How do you incorporate climate, environmental and social considerations into your business?

As long-term investors, we acknowledge that we have the responsibility to invest in a way that promotes sustainability. Sustainability considerations, including material issues of an environmental, social and governance (ESG) nature, form part of our investment analysis and related activities. We subscribe to the Code for Responsible Investing in South Africa (CRISA) which is incorporated in our stewardship code. This code sets out how we approach our governance and stewardship responsibilities with respect to our investment activities.

Within our philanthropy offering, we enable our clients to build a legacy by uplifting the societies in which we live and maximising social impact through their donations. This offering has become more strategic in nature due to the move towards supporting more long-term sustainable solutions. At 31 March 2020, Investec managed philanthropy foundation investments to the market value of R988 million. These funds have derived income for distribution to charities on behalf of our clients to the value of approximately R29.8 million in the past year. This income is distributed by Investec charitable trusts in accordance with the decisions made by the respective foundation trustees. Of the funds allocated, 55% went to education, 29% to welfare and humanitarian, 12% to social justice initiatives and 4% to healthcare.

In December 2019, we achieved carbon neutral status by offsetting the operational emissions generated from our wealth and investment activities through the purchase of carbon credits with Climate Neutral Group. This enabled us to offset our carbon footprint and contribute to the SDGs by supporting the Joburg Energy to Waste offset project, which captures methane from landfills and turns it into electricity solving two important issues facing the country: clean waste removal and access to energy.

Q *What are your strategic objectives in the coming financial year?*

Our immediate focus in these unprecedented times, is the wellbeing and safety of our staff and clients. This is paramount.

The development and global integration of our Wealth & Investment businesses remains a strategic objective within our business capabilities and our investment process. The continued development of our ESG investment strategy and alternative investment management capability will further enable clients to diversify their wealth.

Focusing and leveraging our existing resources and skills across our business will enhance the scope and scale of opportunities for growth.

We remain cost conscious and digitally driven, focusing on evolving our infrastructure and capabilities to more seamlessly service clients. Targeted marketing, a commitment to diversity, strengthening relationships and collaboration across Investec will further provide opportunities to grow and finesse our high-touch, high-tech offering.

Q *What is your outlook for the coming financial year?*

A record number of both fiscal and monetary stimulus packages have been provided by the South African Government and the private sector to support the economy in response to the COVID-19 pandemic, the full effects of which are unknown at this stage. The pandemic and the consequent heightened levels of uncertainty, will likely result in persistent market volatility and pressure on asset values and revenue generation.

As with any crisis, we are actively seeking out new investment opportunities for our clients in the listed space as well as across alternative asset classes.

We remain confident in the fundamentals of our business and in our long-established client relationships. As Investec, our ability to offer our clients both local and international investment management and banking services, underpinned by a high level of client service, differentiates us in the market.

Specialist expertise delivered with dedication and energy

At 31 March 2020

UK head
Ruth Leas

Southern Africa head
Richard Wainwright

The specialist teams are well positioned to provide solutions to meet private, business, corporate and institutional clients' needs.

Net core loans and advances
£24.9bn
(2019: £24.9bn)

ROE (post-tax)
8.6%
(2019*: 12.2%)

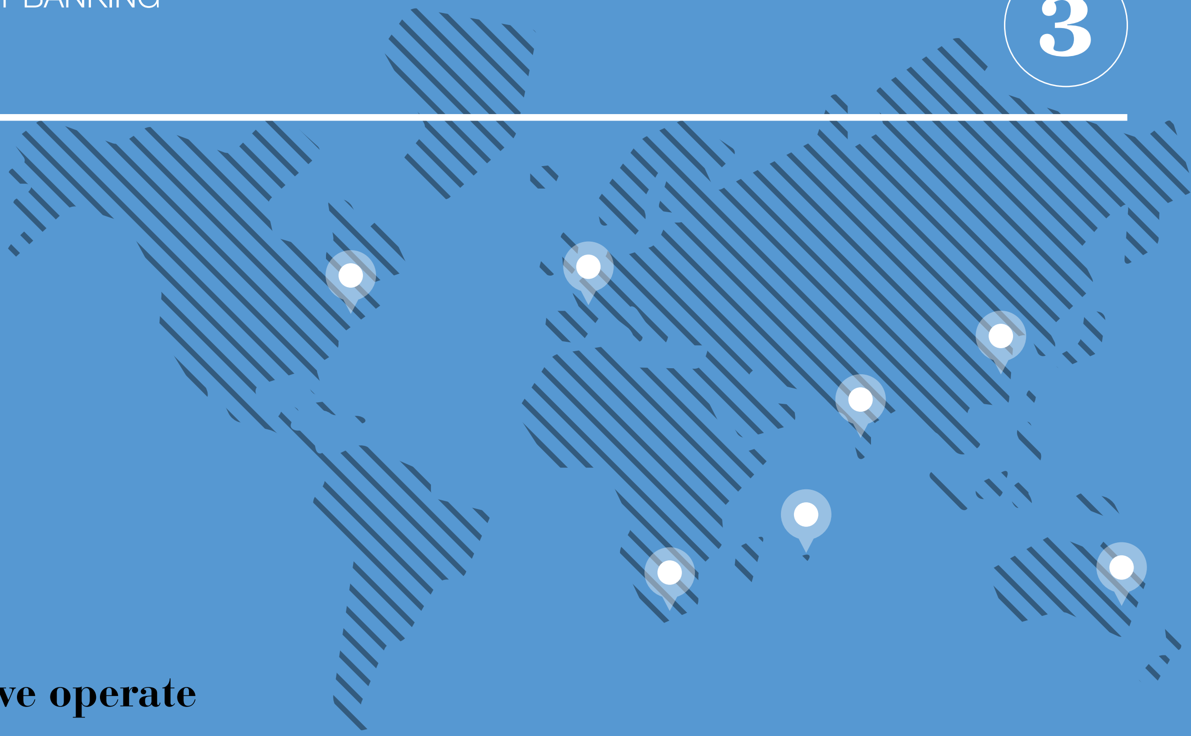
Adjusted operating profit amounted to
£383.1mn
(2019*: £502.0mn)

Customer deposits
£32.2bn
2019: £31.3bn

Our value proposition

- Provision of high touch personalised service – ability to execute quickly
- Ability to leverage international, cross-border platforms
- Well positioned to capture opportunities between the developed and the emerging world
- Strong ability to originate, manufacture and distribute
- Balanced business model with good business depth and breadth
- Provision of high-quality solutions to corporate and private clients, with leading positions in select areas.

* *Restated as detailed on page 52.*



Where we operate

USA	India	UK and Europe	Hong Kong	South Africa	Mauritius	Australia
Established a presence in 1998 **US Power and Infrastructure Finance, Fund Solutions and Securities**	**Established a presence in 2010** **Institutional equities business providing research, sales and trading activities** **Merchant banking business connecting Indian companies with domestic and international investors**	**Established a presence in 1992** **Brand well established** **Sustainable diversified business focused on banking activities for corporate, institutional and private clients**	**Established a presence in 1997** **Private equity fund solutions**	**Established a presence in 1974** **Strong brand and positioning** **Leading in corporate, institutional and private client banking activities**	**Established a presence in 1997** **Leading in corporate, institutional and private client banking activities**	**Established a presence in 1997** **Lending, treasury solutions, capital and advisory to target market clients, also manages third party funds in Property**

What we do

High income and high net worth private clients

Private Banking

Lending

Private capital

Transactional banking

Savings

Foreign exchange

Southern Africa
UK and Europe

Corporates / government / institutional clients

Corporate, Business and Institutional Banking

Lending

Treasury and risk management solutions

Advisory

Institutional research, sales and trading

Southern Africa
UK and Europe
Australia
Hong Kong
India
USA

Investment activities

Principal investments

Property investment and fund management

Southern Africa
UK and Europe
Australia
Hong Kong

An analysis of net core loans and advances over the year

Refer to further information on pages 34 to 37 in volume two of the Investec group's 2020 integrated annual report.

Net core loans and advances – Southern Africa

R'million	31 March 2020	31 March 2019	% change
Lending collateralised by property	**48 913**	**46 321**	**5.6%**
Commercial real estate	**44 913**	**42 876**	**4.8%**
Commercial real estate – investment	39 713	37 419	6.1%
Commercial real estate – development	4 348	4 873	(10.8%)
Commercial vacant land and planning	852	584	45.9%
Residential real estate	**4 000**	**3 445**	**16.1%**
Residential real estate – development	3 360	2 822	19.1%
Residential real estate – vacant land and planning	640	623	2.7%
High net worth and other private client lending	**147 126**	**138 612**	**6.1%**
Mortgages	79 692	73 321	8.7%
High net worth and specialised lending	67 434	65 291	3.3%
Corporate and other lending	**92 839**	**86 271**	**7.6%**
Corporate and acquisition finance	11 928	13 157	(9.3%)
Asset-based lending	7 038	5 748	22.4%
Fund finance	8 382	5 082	64.9%
Other corporates and financial institutions and governments	54 815	51 018	7.4%
Asset finance	3 652	3 864	(5.5%)
Small ticket asset finance	1 993	1 986	0.4%
Large ticket asset finance	1 659	1 878	(11.7%)
Power and infrastructure finance	6 886	6 848	0.6%
Resource finance	138	554	(75.1%)
Total net core loans	**288 878**	**271 204**	**6.5%**

Net core loans and advances – UK and Other

£'million	31 March 2020	31 March 2019	% change
Lending collateralised by property	**1 949**	**1 871**	**4.2%**
Commercial real estate	**1 231**	**1 149**	**7.1%**
Commercial real estate – investment	1 039	1 020	1.9%
Commercial real estate – development	187	122	53.3%
Commercial vacant land and planning	5	7	(28.6%)
Residential real estate	**718**	**722**	**(0.6%)**
Residential real estate – investment	313	392	(20.2%)
Residential real estate – development	387	306	26.5%
Residential real estate – vacant land and planning	18	24	(25.0%)
High net worth and other private client lending	**3 126**	**2 326**	**34.4%**
Mortgages	2 482	1 823	36.1%
High net worth and specialised lending	644	503	28.0%
Corporate and other lending	**6 795**	**6 317**	**7.6%**
Corporate and acquisition finance	1 758	1 657	6.1%
Asset-based lending	458	393	16.5%
Fund finance	1 312	1 210	8.4%
Other corporates and financial institutions and governments	758	640	18.4%
Asset finance	1 957	1 894	3.3%
Small ticket asset finance	1 716	1 538	11.6%
Large ticket asset finance	241	356	(32.3%)
Power and infrastructure finance	501	498	0.6%
Resource finance	51	25	>100%
Total net core loans	**11 870**	**10 514**	**12.9%**

Additional information on the group's Southern African investment portfolio

31 March 2020	**Asset analysis £'000**	Income analysis £'000	**Asset analysis R'million**	Income analysis R'million
Ninety One**	109 014	775	2 415	16
Investec Equity Partners (IEP)	253 290	18 364	5 611	343
Equity investments^	55 585	(11 043)	1 232	(207)
Property investments*	194 831	29 288	4 306	520
Total equity exposures	**612 720**	**37 654**	**13 564**	**672**
Associated loans and other assets	2 313	173	51	3
Total exposures on balance sheet	**615 033**	**37 827**	**13 615**	**675**
Debt funded	323 948	(25 194)	7 167	(516)
Equity	291 085		6 448	
Total capital resources and funding	**615 033**		**13 615**	
Adjusted operating profit		**12 633**		**159**
Taxation		(3 425)		(52)
Operating profit after taxation		**9 208**		**107**
Risk-weighted assets	**2 531 176**		**56 072**	
Ordinary shareholders' equity held on investment portfolio – 31 March 2020	291 085		6 448	
Ordinary shareholders' equity held on investment portfolio – 31 March 2019	340 430		6 400	
Average ordinary shareholders' equity held on investment portfolio – 31 March 2020	315 758		6 424	
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2020		**2.9%**		

* *The group's investment holding of 24.3% in the Investec Property Fund and 11.4% (9.2% held directly and 2.2% held indirectly via IPF) in the Investec Australia Property Fund.*
^ *Does not include equity investments residing in our corporate and private client businesses.*
** *Investec Limited's holding of 8.7% in the Ninety One group.*

Additional information on the group's UK and Other investment portfolio

31 March 2020	**Asset analysis £'million**	Income analysis £'000
Ninety One^^	225 343	4 091
Risk-weighted assets		
Ordinary shareholders' equity held on investment portfolio – 31 March 2020	97 640	
Ordinary shareholders' equity held on investment portfolio – 31 March 2019	–	
Average ordinary shareholders' equity held on investment portfolio – 31 March 2020	48 820	
Post-tax return on adjusted average ordinary shareholders' equity – 31 March 2020		**8.4%**

^^ *Investec plc's 16.3% holding in the Ninety One group.*

Further analysis of adjusted operating profit

31 March 2020 £'000	UK and Other	Southern Africa	**Total group**
Net interest expense	–	(54 288)	(54 288)
Net fee and commission income	–	72 666	72 666
Investment income	–	39 194	39 194
Share of post taxation profit of associates and joint venture holdings	4 091	18 985	23 076
Trading and other operating profits	–	14 135	14 135
Total operating income before expected credit loss impairment charges	**4 091**	**90 692**	**94 783**
Expected credit loss impairment charges	–	(8 154)	(8 154)
Operating income	**4 091**	**82 538**	**86 629**
Operating costs	–	(2 815)	(2 815)
Operating profit before goodwill, acquired intangibles and strategic actions	**4 091**	**79 723**	**83 814**
Profit attributable to other non-controlling interests	–	(67 090)	(67 090)
Adjusted operating profit	**4 091**	**12 633**	**16 724**

Q&A

Ruth Leas

UK and Other business leader

Q *How did the operating environment impact your business over the past financial year?*

Brexit, heightened UK political uncertainty, and geopolitical tensions sparked by US trade wars adversely impacted activity levels in the UK over the past year, making the UK operating environment very challenging. Against this backdrop, the UK Specialist Bank delivered a good performance from our core client franchise businesses; our private banking activities, corporate and investment banking lending activities as well as our international specialist sector client franchises. The COVID-19 global pandemic combined with an oil price shock struck global markets with material impacts during late February and March of our financial year. The sudden imposition of lockdown in the UK as well as many countries across the world, together with the unprecedented speed and magnitude of market movements following the COVID-19 outbreak, heavily impacted full year performance of the UK Specialist Bank.

Prior to the COVID-19 and oil price shock, the UK Specialist Bank was on track to deliver a performance similar to that of the first half of the financial year. Costs were managed very tightly and significantly reduced over the financial year while the business focused on growing scale in our client franchises, with a firm strategic focus on meeting the bank's medium term targets. Loan book growth was strong at 13% comprising well diversified growth across the corporate loan book as well as significant targeted growth in our High Net Worth mortgage book.

As in the first half of the financial year, business confidence in the UK continued to be materially impacted by Brexit and political uncertainty, and even post the December 2019 UK election, there was still limited appetite for equity capital market activities which resulted in significantly lower fees and commissions from this business, continuing the trend we had seen in the first half of the financial year. The Corporate and Investment Banking lending franchises and International Specialist franchises delivered strong fees and loan growth, demonstrating Investec's well established client franchises and relationships developed over many years in these areas. We continued to apply strong credit discipline while selectively growing the loan book. Our Corporate Banking business saw reasonable activity across all business areas, including corporate hedging and risk management solutions which benefited from the volatility in exchange rates during the year.

The Private Banking business delivered a strong operating performance evidenced by robust loan book growth and client acquisition ahead of budget. Productivity remained high with the Private Banking business able to increase scale whilst simultaneously managing costs.

The sharp economic shock from the COVID-19 pandemic and oil price plunge towards the end of the financial year, where we experienced the fastest market setback on record, significantly impacted full year results.

The impact is a combination of increased COVID-19 related specific and general credit impairment provisions, negative fair value adjustments across various exposures and certain investments, as well as losses arising from the hedging of structured products due to the extraordinary market dislocation. We have actively taken steps to reduce variable costs to reflect the impact of this exceptional change in environment on our business.

The pandemic has had a substantial impact on people, economies and markets across the globe and the full impact remains to be seen and understood. We entered this period of extreme uncertainty and very low interest rates with strong financial and operational resilience and continue to maintain elevated levels of liquidity and a strong capital position, while being lowly geared (maintaining a high leverage ratio). We successfully and rapidly transitioned our operations to working from home and our focus has been on supporting our people, our clients and our communities through the unexpected uncertainty and disruption. We have put in place a number of client support measures over this time, staying close to our clients as they adjust to rapidly changing circumstances. We remain focused on balancing our commitment to support clients whilst carefully managing portfolio risks and remaining alert to potential opportunities as and when they arise.

Q *What progress was made in the past financial year in respect of the group's key strategic objectives?*

Capital discipline

The Corporate and Investment Banking business remained focused on disciplined capital allocation and delivering appropriate returns on capital at a client level. Our institutional sales syndication strategy remains a key part of optimising our capital and balance sheet, enabling us to reduce capital commitment and to enhance returns via syndication fees, as well as creating a capital-light fee stream.

We have reduced our investment portfolio exposure substantially (excluding our investment in Ninety One plc), in line with our objective of reducing income volatility, optimising capital allocation, and redirecting capital to our core client franchises.

During the year we implemented a branch structure in Australia that has driven some capital, cost and funding efficiencies.

We continue to meet the group's capital and leverage ratio targets. In addition, as part of the PRA's most recent Internal Capital Adequacy Assessment Process (ICAAP), the Investec plc Pillar 2A capital requirement was reduced from 1.51% to 1.12%. This, together with the reduction in the UK Countercyclical Capital Buffer (CCyB) (which was reduced by the PRA in light of the current economic environment), has resulted in a lower CET1 regulatory minimum for Investec plc, substantially increasing our regulatory capital surplus.

Growth initiatives

We continued to gain good traction in Private Banking in growing our loan book, retail funding and client base in line with targets. Our mortgage book grew 36% since 31 March 2019 and we are ahead of our targets in respect of client acquisition in our banking proposition, having on-boarded approximately 1 100 new high net worth (HNW) clients over the period (to c.5000 clients at 31 March 2020) moving us closer to our target of at least 6 500 HNW clients by March 2022. We have also successfully grown our client base in our Private Capital business.

Our Corporate and Investment Banking business implemented a number of growth initiatives over the past year in pursuit of our strategic objectives:

- Created a single relationship management coverage team across Corporate Banking, which has considerably improved our ability to engage with and deliver our full 'One Investec' offering to existing and target clients
- Continued to invest in our Corporate Banking franchise to enhance our offering to corporates and larger SMEs, following the £15 million award in July 2019 from the Banking Competition Remedies Limited (BCR) Capability and Innovation Fund
- Grew our corporate lending book by 7.6% since 31 March 2019
- Acquired a market-leading specialist closed-end fund team to complement our advisory business, and delivered a top ranking in the Investment Companies small-to-mid cap space
- The Power and Infrastructure Finance teams focused on expanding into new sectors and adding additional products where we can leverage our existing expertise and clients and connect to new clients
- Expanded our Fund Solutions (formerly named Fund Finance) business to include offerings which will boost overall returns without tying up excessive capital.

Cost management

There has been an ongoing strategic review of our cost infrastructure with a view to effecting cost efficiencies.

There was a substantial reduction in costs year on year, driven by no repeat of double premises charges as well as a strong focus on cost discipline, particularly in light of tougher market conditions. We have contained costs by focusing on productivity and automation across the businesses without impacting on activity levels. We are focused on building smart systems to support growth and we have delivered significant improvements in a number of areas such as client lifecycle optimisation over the past year.

In addition to the substantial reduction in the overall fixed cost base, we have also significantly reduced variable remuneration to adjust for the impact on our business from the severely disrupted economic and market conditions surrounding the COVID-19 pandemic.

Connectivity

The Private Banking and Wealth & Investment businesses have identified areas of overlap both in clients and cost synergies. Collaboration has been enhanced through the implementation of an integrated Client Relationship Management (CRM) system as well as a dedicated team focusing on collaboration. Specific client segments have been identified as key common areas and as such prioritised, each requiring a different strategy and each providing an opportunity to increase connectivity and reduce costs over time.

We now have a fully embedded client-centric operating model, joining up our existing franchises to deliver a 'One Investec' offering. For example, the creation of Corporate Banking and Private Banking sales teams. This is helping to increase the level of referrals to the Wealth & investment business.

We have also created a Funds client group, encompassing the Fund Solutions lending business, Fund Solutions Hedging team and the Private Banking team focused on offering mortgages, bank accounts and other products to the funds community to enhance our ability to serve this important client group.

There are also ongoing efforts across the private banking ecosystem to continue offering South African clients a unique international proposition.

Digitalisation

We continue to invest in the modernisation of our businesses leveraging new technologies to enable flexibility, improve efficiencies and accelerate the launch of innovative products and services.

From a client perspective, during the year we launched Investec IX, our corporate digital platform. This included the launch of an online Business Savings account which enables seamless account opening and the ability to self-service reinvestment of our fixed term product online. The launch of these platforms has greatly enhanced our corporate retail deposits capability.

We made good progress in modernising our internal technology. The build out of our open banking platform as a channel has enabled seamless integration with Fintechs, other banks and investment managers. Clients of Monzo, Flagstone, MoneyBox and others are now benefiting from our high quality cash savings suite through this new channel. This new collaborative method of distributing our retail deposit-taking capability is allowing Investec to access new clients and introduce the Investec brand to additional markets.

We are making targeted investments into our Artificial Intelligence (AI) capability, and ensuring we are using analytics and data capabilities to deliver differentiated and personalised solutions. Security and the protection of our clients' data remains a top priority. Progress made in this regard includes enhancements of security features on Investec's online and mobile app, such as multi-factor authentication, face bio-metrics, and 3D secure payments technology.

We have delivered efficiencies and cost savings through a simplification of our operating model, leveraging shared platforms and capabilities across our infrastructure globally. This includes embedding new robotic process automation technologies (RPA) to optimise some of our core operations, reducing operational risk and containing costs.

For our colleagues, our digital workplace initiatives allowed our people to increase connectivity and productivity with new communication and collaboration tools, leading to new ways of agile working and innovation. The focus on our digital workplace strategy enabled us to rapidly respond to the COVID-19 crisis, allowing us to transition to remote working whilst still being able to meet our operational needs and best serve our clients.

Q

How do you incorporate climate, environmental and social considerations into your business?

The integration of environmental and social considerations into daily business operations and strategy is continually evolving. Climate-related shareholder resolutions are increasing across the banking sector, which together with the increased focus from the PRA in the UK, has brought climate issues to the fore of many stakeholder discussions.

Recognising our responsibility to help finance a cleaner world, we were the eighth bank in the UK to publicly announce our support for the Task Force on Climate-related Financial Disclosures (TCFD). In the past year, we have evaluated our balance sheet to better understand the physical and transitional climate risks we may have in our portfolios and enhanced our disclosures in our 2020 group sustainability and ESG supplementary information report. We look forward to the proposals due to be released by the UK Financial Conduct Authority (FCA) with further clarity on climate scenarios.

In line with our international peers, we have published a fossil fuel policy affirming our commitment to working with our clients and stakeholders to reduce and limit our exposures to fossil fuels and continue our deliberate focus on promoting renewable and clean energy solutions. For example, our power and infrastructure business plays a leading role in financing clean energy and our asset finance business has launched a sustainable energy finance arm to fund renewable energy assets.

We continue to advocate responsible behaviour to manage our own operational footprint by avoiding, minimising and limiting our emissions. We attained net-zero carbon emissions status in February 2020, committing to ongoing carbon neutrality. We won our 16th Platinum Award in the City of London's Clean City Award Scheme for best practice in waste management.

What were the key challenges in your business over the past year?

The key challenges were presented predominantly by markets; with market uncertainty impacting deal volumes, equity capital market fees, valuations and trading revenue. In addition, the impact of COVID-19 has been very challenging given the extremely fast and sharp movements in markets witnessed towards the end of our financial year. At this stage, it is unclear how long these effects will continue for.

The pandemic and related social containment measures posed challenges across our supply-chain, clients and our staff, all of whom have had to adapt to a new way of operating in a short space of time. Keeping our people focused and positive has been crucial.

The real economy impacts of COVID-19 and the oil price shock remain to be seen and understood, meaning uncertainty remains a challenge.

What are your strategic objectives in the coming financial year?

At the time of writing, the UK and other economies are experiencing a sharp contraction in growth together with sharply increasing levels of unemployment. The highly uncertain outlook ahead and very low interest rate environment, is further exacerbated by the elevated geopolitical tension between the US and China, particularly ahead of the US presidential election in November. The ability to execute and deliver on all our strategic objectives will be challenging during 2020. Nevertheless, we remain committed to our strategy which is to focus on building scale in our core client franchises, which have delivered good performance even under difficult conditions, and to reduce activities causing income volatility. We are also keenly focused on simplifying our operating model and effecting cost efficiencies following an ongoing strategic review of our cost infrastructure.

The Private Banking business continues to focus on four key objectives namely; growing clients, growing lending to these clients, driving down the cost-of-funds in our retail savings channel and improving productivity through scale and reducing costs. In the coming year, supporting our existing clients, preserving our loan book, as well as actively looking to further reduce our cost-base will be key.

An overarching key ambition is to improve connectivity between the Specialist Bank and Wealth & Investment by developing a clear client approach to enhance the client's 'One Investec' experience and drive bottom line growth.

Our Corporate and Investment Banking business remains focused on its key strategies:

- Continuing to develop a Corporate Banking business that offers small to mid-sized companies the breadth of products and level of service that reflects their importance to the UK economy. We have a clear investment programme to achieve an enhancement of our offering, supported in part by the £15 million funding from the BCR Capability and Innovation Fund. We remain on track to deliver this plan, which includes enhancements to existing business areas (motor finance, asset finance, foreign exchange), diversification in income (renewables finance and wider strategic opportunities) and significant development of our digital capability
- Converting our unique Investment Banking proposition, a full-service UK Investment Bank with international reach and a client-partnership model, into pre-eminence in the mid-market. This includes meaningfully increasing our corporate client base and growing our business sustainably in the listed space, and making Investec the "first call" for those operating in the Private Equity mid-market
- Strengthening the reputation of our International Specialist Franchises by being at the cutting edge of constantly changing industries.

We will also continue to drive our high-tech, high touch offering by building smart digital systems to support growth.

We embrace the role that the financial sector must play in achieving the United Nations Sustainable Development Goals (SDGs). We have established a working group tasked with identifying commercial opportunities to enhance socio-economic and environmental impacts and to incorporate sustainability into our specialist banking franchise.

Our export and agency finance team play a leading role in the fast-developing impact and SDG finance market. They were a founder member and deputy chair of the International Chamber of Commerce (ICC) Export Finance Sustainability Working Group of banks to engage with stakeholders on the role of sustainability in export finance. The team is also working with a new Impact Debt Fund, Acre Capital, which is grant supported by The Rockefeller Foundation. This US$300 million initial fund is due to launch in the second quarter of 2020 and is focused on co-financing projects which meet SDG objectives alongside export credit agencies.

Our 2020 group sustainability and ESG supplementary information report provides further detail on the many initiatives we support and fund as part of our commitment to the SDGs.

At Investec we know that diversity of thought is critical to increasing our ability to innovate, adapt and perform, and therefore we are focused on attracting, developing and retaining a diverse and representative workforce. We believe that more diverse groups will give rise to a more inclusive environment where we value the differences in who we all are, encourage challenge and welcome the unique perspective that each individual brings. At Investec our vision for Belonging, Inclusion and Diversity (BID) is for everyone to find it easy to be themselves, and to feel they belong. Our commitment to BID builds on our diversity principles, which include specific strategic objectives to increase our female representation in general and in senior leadership in particular.

Q *What is your outlook for the coming financial year?*

In light of significant dislocation in the external market due to the COVID-19 pandemic it is unclear how the economy and our clients will adjust over the coming months and years, and we therefore cannot provide specific forward looking guidance at this stage. We are focused on taking care of our employees, ensuring business continuity and support for our clients, and backing our CSI partners and helping the communities around us particularly regarding food security. We have responded quickly to the operational and client impacts resulting from COVID-19 and our intention is to leverage this wherever possible to improve our business for the long term. At the moment we are working through a range of different scenarios to position ourselves to both manage the risks and take advantage of opportunities. Given the uncertainty around the evolving economic downturn, and the very low interest rate environment, the year ahead will be challenging. We entered this crisis with experience from the Global Financial Crisis to navigate through challenging circumstances, as well as considerable strength with respect to our high levels of liquidity, strong capital and low level of gearing (maintaining a high leverage ratio).

We have clear strategic focus areas, well established client franchises which have been developed over many years, and we continue to see scope to develop opportunities with both existing and new clients.

Q&A

Richard Wainwright

Southern Africa business leader

Q *How did the operating environment impact your business over the past financial year?*

The tough operating environment in the first six months of the financial year continued through the second half, exacerbated in quick succession by a technical recession, South African sovereign credit rating downgrades by Moody's and Fitch, a rising public sector debt trajectory and the recent ongoing public health and economic effects of COVID-19. Notwithstanding this environment, the results of the Specialist Bank in South Africa reflect a good performance from our core franchise businesses, namely the Corporate and Institutional Bank, Private Bank and the Investment Bank. This was offset by a weak performance across our investment portfolio.

The Corporate and Institutional Bank's lending activities were impacted by low levels of business confidence, weak domestic demand and tighter margins. Muted GDP growth and slow deal activity led to more competitive pricing between banks resulting in core loans and advances across corporate and specialist lending activities remaining fairly flat year on year. The deposit book grew, with a significant portion of the increase occurring during March 2020, as large financial institutions and asset managers placed more deposits with us, as they become more defensive in the current economic climate. Overall, performance was broadly in line with the prior year despite the negative impact increased market volatility had on the trading book.

Within the Private Bank, growth in lending activities accelerated in the second half of the year, after a slow start due to a subdued business and economic outlook and pressure on private sector activities. The transactional banking environment has been more competitive with new entrants and continued innovation by traditional competitors. Despite these factors, the business delivered a solid performance with growth in market share, new accounts opened and point of sale activity. In addition, foreign exchange volumes were considerably higher year on year, as private clients sought diversified international exposure.

Corporate driven activity within Investment Banking and Principal Investments was negatively impacted by a reluctance by large corporates and private equity investors to pursue both organic and inorganic growth opportunities. This impacted the level of fee generation within M&A advisory and equity capital markets, notwithstanding the increase in corporate finance fee income year on year. The decline in global equity markets and deteriorating economic conditions in South Africa negatively impacted the valuations of our direct equity and direct property investments. Whilst the environment is not conducive to asset realisations, the dislocation may create attractive opportunities for our clients.

Investec for Business experienced a downward trend in levels of utilisation (particularly in the trade finance book) and margin pressure amid increased competition. A level of market resilience did however exist, which saw the business grow its core loans and advances.

The impact of COVID-19 is reflected in our impairment provisions which are forward-looking, however, the full effects on business activity and asset valuations may only manifest in the next financial year. As expected, in the context of the current environment, our credit loss ratio increased to 0.38% yet remains within our through-the-cycle range of 30bps – 40bps and well below industry averages. The bank is well capitalised and Rand and US dollar liquidity remain very strong.

Q *What progress was made in the past financial year in respect of the group's key strategic objectives?*

Our commitment to the group's key strategic objectives remains unchanged.

Capital discipline

We continue to operate with a capital disciplined mindset.

The transition to the Foundation Internal Ratings-Based ('FIRB') approach at the start of the financial year enhanced our ability to price competitively and utilise our capital more efficiently. Our application to the SARB to implement the Advanced ('AIRB') approach was submitted during the first half of the year and remains under review. Successful implementation is expected to result in a material reduction to our capital requirements with an estimated c.2% uplift to our CET1 ratio.

We aim to reduce the capital allocated to our investment portfolio in the medium term and rather direct it to our core franchise businesses.

Growth initiatives

During the year we continued to invest in our businesses for future growth and sustainability. To this end within the Private Bank:

- The execution of our targeted Young Professionals strategy, which broadened our target market into new professional segments is increasing our market share and contributing to book growth in retail mortgages and instalment sales
- In December 2019, Investec, in partnership with Fintech company OfferZen, launched programmable online Investec bank accounts for software developers – another niche target professional segment. While the beta testing is aimed at software developers, we believe that in the long term working closely with the developer community will lead to innovative solutions that will benefit all our customers
- We continued to build out 'My Investments': a digital investment platform accessed through Investec Online, providing private clients access to trade shares and invest in selected investments.

Investec for Business, which offers trade and import finance, borrowing base and cash flow lending along with asset and rental finance, is a key growth area for the bank. Over the past year, we onboarded 111 new clients, an increase of 11%, and granted 20% more facilities compared to the prior year.

In the Corporate and Institutional Bank:

- The strategic corporate arrangement entered into in July 2019 with Goldman Sachs to extend our cash equity trading capabilities has been positive and continues to gain momentum
- Through Investec Life and in collaboration with the Private Bank, new policy sales are up c.40% compared to the prior year
- Investec Specialist Investments, an alternative asset class fund manager offering within the bank, is increasing its assets under management (AUM) as its first two specialist funds have recently passed their three-year track record milestone
- We launched Investec Business Online, a single platform transactional banking capability for corporate and business clients. The Investec for Business client base will also be a key driver of growth on this platform.

Investec Property (IP), the fund manager for the Investec Property Fund (IPF), successfully doubled the AUM for IPF and its new co-investors in the European logistics platform to c.R40 billion at year end. IP has been growing AUM locally and internationally for several years. We will continue to look for opportunities across this platform in the UK, Europe and South Africa which may also provide investment opportunities for both our private and institutional clients.

Cost management

Our results demonstrate good cost control with cost growth remaining below inflation. This has been achieved through headcount containment and ongoing simplification of our operating model.

Connectivity

Driving greater connectivity, collaboration and linkages across business divisions locally and globally has been a key focus area.

- 'My Investments' is an initiative across the Private Bank and Wealth & Investment businesses to provide an online investment management solution to our entire private client base
- We have focused on leveraging the UK and South African Private Banking ecosystem by providing our South African client base offshore access, while at the same time introducing retail deposits and lending opportunities for the UK Banking business
- There has been ongoing integration and collaboration between Investec Life and the Private Bank to encourage broader product suite offerings to all our clients
- We have continued to work on simplifying our operating model by leveraging shared platforms and capabilities across our infrastructure to create operational efficiencies.

Digitalisation

We invest continually in our IT infrastructure in order to deliver high-tech, enhanced digital capabilities for an improved client experience.

- The build out of Investec Business Online, a transactional business banking platform within the Corporate and Institutional Bank, is gaining momentum with an increasing number of clients. Full functionality and roll out is expected to be completed towards the end of the first half of financial year 2021
- We have broadened the Investec for Intermediaries offering which seeks to create a unified digital capability for our intermediary client segment
- Automation and digitisation of client management processes has been a key focus this year, particularly around onboarding and account opening
- Security and the protection of our clients' data remains a top priority, with enhancements made to security features on Investec Online and the mobile app, such as multi-factor authentication, face biometrics, and 3D secure payments technology.

In addition to the above stakeholder capitalism, climate change and sustainability rose to the top of the corporate banking agenda in the past year. In South Africa, the role of corporates and fiduciary responsibilities of directors has always been important to the company and hence to all stakeholders, not just shareholders. One of Investec's most cherished values is that we strive to live in society, not off it. This is a mantra that we live by inside the bank.

We are active participants in the SDGs and welcome the work they are doing to shine a spotlight on some of the crucial interconnected elements of sustainable development in South Africa. In February 2020, in partnership with the Johannesburg Stock Exchange, we hosted members of 30 international banks and financial institutions who are driving the UN Global Investment for Sustainable Development (GISD) agenda. Investec's approach is to partner with our clients and stakeholders to focus on those SDGs where we can maximise positive socio-economic impact and reduce inequality.

A particularly memorable event from the past year was the title deeds initiative whereby Investec wrote off the mortgage debt of 3 600 households in 15 Gauteng townships. Staff assisted in handing over title deeds to a severely vulnerable population ensuring debt-free home ownership and contributing to SDG 10 (by reducing inequality) and SDG 11 (by enabling people to keep their homes).

Our 2020 group sustainability and ESG supplementary report provides further detail on the many initiatives we support and fund as part of our commitment to the SDGs.

Q *How do you incorporate climate, environmental and social considerations into your business?*

We have a number of policies and processes in place to incorporate environmental and social considerations into our business activities and strategy. Over the past year, we have seen increased interest from stakeholders on climate-related issues. After an extensive engagement process, Investec Bank was the first bank in South Africa to make a comprehensive fossil fuel policy public (including oil and gas). In addition, we were the first bank in South Africa to commit to the Task Force on Climate-related Financial Disclosures (TCFD). We have disclosed our fossil fuel exposures and other ESG exposures in our 2020 group sustainability and ESG supplementary report.

We recognise the opportunities to finance the transition to a low carbon economy. Our power and infrastructure business is at the forefront of many of these initiatives. For example, Investec is providing funding for black-owned energy and development company Pele Energy Group for the construction of wind and solar projects. We also launched the first structured product issued in South Africa over an Environmental World Index, giving investors access to world equity markets whilst considering their environmental impact. Furthermore, we are piloting a solar solution for our private bank clients.

Within our operations, we were pleased to achieve net-zero carbon emissions in February 2020 and received a four-star rating through the Green Building Council of South Africa for our Sandton head office. Our sustainability efforts were recognised with a number of awards: Best Investment Bank for Sustainable Finance in Africa in the 2020 Global Finance Awards; winner of the Sustainability Award in the 17th Annual National Business Awards 2019; winner of the Trialogue Strategic CSI Award 2019 for the Promaths programme; and voted one of South Africa's Top Empowered Companies by Impumelelo.

Q *What were the key challenges in your business over the past year?*

The most significant factors were the synchronised global economic slowdown and weak domestic economic growth which resulted in subdued investor confidence due to policy uncertainty and structural challenges within the South African environment. This led to reluctance by South African businesses and individuals to invest for growth.

In our lending businesses, we experienced pricing pressure from competitor funders, impacting both new business and refinancing of existing loans.

The economic backdrop also impacted our ability to reduce the investment portfolio and resulted in the reduction in value of certain listed, unlisted and property investments. We remain committed to rationalising and optimising the value of the investment portfolio as previously communicated, however, the impact from the current COVID-19 pandemic is likely to slow progress on this front until markets, corporate M&A and asset owners and managers' risk appetite normalises.

What are your strategic objectives in the coming financial year?

Our strategic objectives in the coming year remain largely the same as we outlined at the half year, however, these will be tempered against a COVID-19 backdrop.

- In these unprecedented times, our primary objectives are to ensure the wellbeing and safety of our staff and to support our clients and communities. By doing this we will in the long term retain and attract talent, gain client market share and deliver to the triple bottom line while balancing shareholder and societal returns
- Client acquisition remains a focus across all our businesses by expanding our value proposition and deepening client entrenchment and engagement
- Growing our capital light revenue aligns with our capital optimisation objective. This will be achieved by diversifying revenue streams through 'My Investments', Investec Life and Investec Specialist Investments
- Enlarging our retail deposit base and foreign currency and multicurrency accounts across all client segments including corporates, private clients and intermediaries
- Increased cooperation between the Specialist Bank and Wealth & Investment businesses
- Continued cost containment measures by leveraging operational efficiencies and scale and containing headcount
- While ROE enhancement remains front of mind, considering COVID-19, capital preservation is equally important. Risks do not manifest themselves immediately and therefore we continue to be conservative in both our liquidity and capital management.

What is your outlook for the coming financial year?

Global social containment measures in the face of COVID-19 have caused unprecedented turmoil in financial markets, businesses and the economy. The length and depth of the pandemic is not yet known; however, it is expected to further reduce corporate activity, increase business failures and materially depress capital markets and asset values.

We will continue to do our part to support South African businesses and the communities around us, and as a member of the Banking Association of South Africa, we are proud to partner with government and other South African banks to provide COVID-19 relief measures as we attempt to safeguard the sustainability of our economy and do right by society.

As with the Global Financial Crisis, we remain confident that the value of our brand, market positioning and client base will sustain us. Our clients have a track record of resilience in difficult operating environments. Together with the diversified international opportunities we can offer them, a continued focus on asset quality and capital preservation, our business is well positioned to weather the storm.

4

RISK MANAGEMENT AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Overview of disclosure requirements

The risk disclosures provided are in line with the requirements of International Financial Reporting Standard 7 Financial Instruments: Disclosures (IFRS 7) and disclosures on capital required by International Accounting Standard 1 Presentation of Financial Statements (IAS 1) are included on pages 13 to 90 of volume two of the Investec group's 2020 integrated annual report. With further disclosures provided within the annual financial statements section in volume three of the Investec group's 2020 integrated annual report.

All sections, paragraphs, tables and graphs on which an audit opinion is expressed are marked as audited.

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers of the financial statements. Where applicable, definitions can be found in the definitions section of this report.

Information provided in this section of the integrated annual report is prepared on an Investec DLC consolidated basis (i.e. incorporating the results of Investec plc and Investec Limited), unless otherwise stated. All references in this report to Investec, the Investec group, the group or DLC relate to the combined Investec DLC group comprising Investec plc and Investec Limited.

The group also publishes risk information for its 'silo' entity holding companies and its significant banking subsidiaries on a consolidated basis. This information is contained in the respective annual financial statements for those respective entities.

www

Furthermore, the group publishes separate Pillar III disclosure reports for Investec Limited, Investec plc, Investec Bank Limited (IBL) and Investec Bank plc (IBP) as required in terms of Regulation 43 of the regulations relating to banks in Southern Africa and Part 8 of the Capital Requirements Regulation pertaining to banks in the United Kingdom (UK). These can be found on the Investec group's website.

Statement from the CEO

Philosophy and approach to risk management

The DLC Board Risk and Capital Committee (DLC BRCC) (comprising both executive and non-executive directors) meets at least six times per annum and recommends the overall risk appetite for the Investec group to the board for approval. The group's risk appetite statements set broad parameters relating to the board's expectations around performance, business stability and risk management. The board ensures that there are appropriate resources to manage the risks arising from running our business.

The board has closely monitored developments as a result of the COVID-19 pandemic and receives regular updates. There has been enhanced governance and additional oversight on areas that have been most exposed to the pandemic to date.

Our comprehensive risk management process involves identifying, quantifying, managing, monitoring, mitigating and reporting the risks associated with each of our businesses to ensure the risks remain within the stated risk appetite.

The group has a strong and embedded risk and capital management culture. Risk awareness, control and compliance are embedded in all our day-to-day activities through a levels of defence model.

We monitor and control risk exposure through independent credit, market, liquidity, operational, legal risk, internal audit, capital and compliance teams. This approach is core to assuming a tolerable risk and reward profile, helping us to pursue controlled growth across our business.

Group risk management operates within an integrated geographical and divisional structure, in line with our management approach, ensuring that the appropriate processes are used to address all risks across the group. There are specialist divisions in the UK and Southern Africa and smaller risk divisions in other regions tasked with promoting sound risk management practices.

Risk management units are locally responsive yet globally aware. This helps to ensure that all initiatives and businesses operate within our defined risk parameters and objectives and we are continually seeking new ways to enhance risk management techniques.

We believe that the risk management systems and processes we have in place are adequate to support the group's strategy (as explained on pages 5 to 14 and allow the group to operate within its risk appetite tolerance as set out on page 91.

This volume of our integrated annual report explains in detail our approach to managing our business within our risk appetite tolerance, across all principal aspects of risk.

A summary of the year in review from a risk perspective

The executive management is integrally involved in ensuring stringent management of risk, liquidity, capital and conduct through our risk appetite framework which continues to be assessed in light of prevailing market conditions and overall Investec group strategy. The primary aim is to achieve a suitable balance between risk and reward in our business. Although the current macro-environment due to the COVID-19 pandemic continues to present significant challenges, the group was able to maintain generally sound asset performance and risk metrics throughout the year in review. Our risk appetite framework is set out on page 91.

In the UK, Brexit heightened political uncertainty and geopolitical tensions sparked by US trade wars adversely impacted activity levels over the past year, making the operating environment very challenging. In South Africa, the financial year was characterised by persistent weak economic fundamentals. Against this backdrop, in the first quarter of 2020, the COVID-19 pandemic combined with an oil price shock stunned global markets resulting in unprecedented market dislocations. The sudden imposition of social containment measures in the UK, South Africa, as well as many countries across the world led to a synchronised slowdown of economic activity, mounting financial pressure on our clients. We are closely monitoring political developments with respect to Brexit and have continued to evaluate any changes we may need to make to adapt to the new legal and regulatory landscape that emerges.

On 27 March 2020, Moody's downgraded South Africa's sovereign credit rating by one notch from Baa3 (investment grade) to Ba1, maintaining a negative outlook. Fitch downgraded South Africa's rating further, to BB from BB+. The outlook remains negative. On 29 April 2020, Standard & Poor's (S&P) also downgraded South Africa's sovereign credit outlook by one notch, to BB- with a stable outlook. The downgrades, taken in isolation of any other matters, are expected to have an immaterial impact on Investec's risk-weighted assets (RWAs) and therefore the impact on regulatory capital is also expected to be immaterial. In addition, the downgrades are expected to have a small impact on IBL's cost of funds over time, as a result of IBL being predominantly domiciled in South Africa and raising most of its deposits and funding in the closed rand system, with very little mismatch between foreign denominated funding and foreign denominated assets. The bank's ratings continued to track rating adjustments to the South African sovereign rating during the course of the year. IBL's national long-term ratings remain sound at Aa1.za from Moody's, AA(zaf) from Fitch and za.AA from S&P.

IBP's ratings are in line with the prior year. IBP's long-term Moody's deposit rating is A1 (stable outlook) and Investec plc's rating is Baa1 (stable outlook). IBP's long-term Fitch rating is BBB+ on Rating Watch Negative. Fitch took a number of negative rating actions on 18 UK banking groups in April 2020 to reflect the heightened risk from the global COVID-19 pandemic. IBP's outlook was changed from Stable to Rating Watch Negative but the rating was maintained at BBB+. At 31 March 2019, IBP had been on Rating Watch Negative by Fitch along with a number of other UK banks due to Brexit uncertainty.

The group's net core loan book remained broadly flat at £24.9 billion but increased 9.2% in neutral currency. In the UK, growth in net core loans was driven by the residential owner-occupied mortgage portfolio as we gained good traction in our Private Banking strategy, as well as diversified growth in other private client and corporate client lending portfolios together with selective lending collateralised by property, with loan to values at conservative levels. In South Africa, growth in the net core loans was driven by growth in the high net worth and specialised lending portfolio partially offset by subdued corporate client activity. Credit exposures are focused on secured lending to a select target market, comprising high-income and high net worth individuals, established corporates, and medium-sized enterprises. Our risk appetite continued to favour lower risk, income-based lending, with exposures well collateralised with credit risk taken over a short to medium term. Our focus over the past few years to realign and rebalance our portfolios in line with our risk appetite framework is reflected in the movements in asset classes on our balance sheet; showing an increase in private client, mortgages and corporate and other lending, and maintaining lending collateralised by property as a smaller proportion of net core loans. The group's net core loan exposures remain well diversified with commercial rent producing property loans comprising approximately 11.4% of net core loans, other lending collateralised by property 5.3%, high net worth and private client lending 39.2% and corporate and other lending 44.1% (with most industry concentrations well below 5%). At 31 March 2020 our exposure to sectors considered vulnerable to COVID-19 in the UK totalled £1.8 billion or 14.6% of gross core loans and advances. This was predominantly through our aviation finance (4.0%) and small ticket asset finance (5.6%) businesses. In South Africa, at 31 March 2020, our exposure to sectors considered vulnerable to COVID-19 excluding property totalled R19.7 billion or 6.7% of gross core loans and advances and include our aviation and trade finance businesses. We, however, remain confident that we have a well-diversified portfolio across sectors. Government stimulus and support measures are expected to mitigate the impact on vulnerable sectors but it remains too early to assess the full impact of this.

Asset quality metrics before the COVID-19 pandemic reflected the solid performance of core loans. Pre COVID-19, the group's credit loss ratio was calculated at 0.28% for 31 March 2020 (31 March 2019: 0.31%) however, after taking into account the impacts of COVID-19 the overall credit loss ratio was 0.52%. This largely reflecting a deterioration in macro-economic scenario forecasts modelled by applying a £19 million expected credit loss (ECL) overlay in the UK as well as an amount that relates to a single name transaction impacted by the COVID-19 pandemic and the deterioration of the macro-economic scenarios in South Africa adjusting for COVID-19 and the South African sovereign downgrades.

The measurement of ECL under IFRS 9 has increased complexity and reliance on expert credit judgements. Key judgemental areas under the implementation of IFRS 9 are highlighted in this document and are subject to robust governance processes. Investec plc applies the IFRS 9 transitional arrangements to regulatory capital calculations to absorb the full impact permissible of IFRS 9. Investec Limited absorbed the full impact of IFRS 9 on 1 April 2019, on adoption of the Foundation Internal Rating-Based Approach (FIRB) for credit risk.

Assessing the expected impact from COVID-19 as well as the offsetting effect of the unprecedented levels of government measures required significant judgement. Regulatory bodies have provided guidance on expectations around provisioning and staging treatment of exposures. The basis for the management overlay in the UK was a weighted consideration of two macro-economic scenarios, which were developed by Investec's economists to take account of the COVID-19 pandemic as at 31 March 2020, a COVID-19 short scenario and a COVID-19 long scenario characterised by a 9.4% contraction in gross domestic product (GDP). In addition, management considered the extent of the expected impact from government measures not captured in the scenarios as well as the expected trajectory of the recovery in applying the £19 million ECL overlay across the performing portfolio to capture risks not yet identified in the models. In South Africa, the expected impact from COVID-19 as well as the offsetting effect of government relief measures, required significant judgement. Regulatory bodies provided guidance on expectations around provisioning and staging treatment of exposures. The forward looking macro-economic scenarios used in the measurement of ECL were updated to capture the wide-reaching impacts of the sovereign downgrade by Moody's to sub-investment grade as well as the initial impact of COVID-19. A further management ECL overlay of R190 million was introduced as at 31 March 2020 to capture the anticipated impact of South Africa's national lockdown on the commercial real estate portfolio as the calculated model-driven Stage 1 ECL for this portfolio was not considered sufficient. The management ECL overlay was estimated after stressing the probability of default (PD) and loss given default (LGD) for the commercial real estate portfolio. In line with our previous approach Stage 3 ECLs continued to be assessed using expert credit judgement.

Stage 2 exposures totalled £1.3 billion and remained low as a proportion of gross core loans subject to ECL at 5.2% at 31 March 2020, slightly increased from 4.7% at 31 March 2019. Stage 3 totalled £581 million at 31 March 2020 or 2.4% of gross core loans subject to ECL (31 March 2019: 2.1%). Stage 3 exposures are well covered by ECLs. The percentage of Stage 3 loans (net of ECL but before taking collateral into account) to net core loans and advances subject to ECL amounted to 1.6% (31 March 2019: 1.3%). In the UK, Stage 3 in the Ongoing book (excluding Legacy) totalled £249 million or 2.2% of gross core loans subject to ECL at 31 March 2020 (31 March 2019: 1.5%) driven by a small number of idiosyncratic movements into Stage 3. These exposures are adequately provisioned. Legacy exposures have reduced by 15% since 31 March 2019 to £111 million (net of ECL) at 31 March 2020 and now comprised only 0.9% of UK net core loans and advances. These assets were substantially impaired and are largely reported under Stage 3.

In line with regulatory and accounting bodies guidance, exposures that have been granted COVID-19 relief measures such as payment holidays are not automatically considered to have been subject to a significant increase in credit risk and therefore do not alone result in a transfer across stages. £442 million or 1.8% of gross core loans and advances had been granted some form of relief measures at 31 March 2020, of which £425 million are assets reported in Stage 1.

Globally, the onset of the COVID-19 pandemic triggered extreme market movements, along with a lack of trading liquidity in certain markets. This resulted in a challenging risk management environment across the trading businesses. Trading revenue was adversely affected by the losses arising from the hedging of structured products due to the extraordinary market dislocation, increased hedging cost and dividend cancellation. At 31 March 2020, the 95% one-day value at risk (VaR) measure was £1.5 million (31 March 2019: £0.4 million) and R6.9 million (31 March 2019: R3.8 million) in the UK and South Africa respectively, as a result of the increased market volatility.

We have reduced our investment portfolio exposure in line with our objective of optimising capital allocation, reducing income volatility, and aligning the business with our client franchises. The investment portfolio, per the balance sheet, reduced by 2.9% over the year under review to £1.0 billion at 31 March 2020. In the UK, the connected exposure in the Hong Kong direct investments portfolio (as disclosed on page 52 was fully written off to £nil at 31 March 2020. As part of a strategic associate investment, Investec retained a 25.0% shareholding in Ninety One (previously known as Investec Asset Management) post the demerger. As a founding shareholder of Ninety One, the boards of both Investec and Ninety One believe that it is appropriate for the Investec to retain a modest shareholding in Ninety One. Investec believes Ninety One is an attractive business with meaningful intrinsic value. Retaining an equity stake allows Investec to participate in future value creation by Ninety One.

The group continued to maintain a sound balance sheet with a low gearing ratio of 10.3 times and a core loans to equity ratio of 5.1 times at 31 March 2020. Our current leverage ratios for Investec Limited and Investec plc were 6.4% and 7.8% respectively, ahead of the group's minimum 6% target level.

The group maintained a sound capital position with a common equity tier 1 (CET1) ratio of 10.7% for Investec plc (standardised approach) and 10.9% for Investec Limited (FIRB approach) at 31 March 2020. The group is targeting a minimum CET1 ratio above 10%, a tier 1 ratio above 11% and a total capital adequacy ratio range of 14% to 17% on a consolidated basis for Investec plc and Investec Limited respectively. We remain ahead of our group targets and in excess of regulatory minimums.

Completion of the demerger and listing of Ninety One (previously Investec Asset Management) resulted in an increase in the CET1 ratio of 40bps for Investec Limited and 59bps for Investec plc. Investec decided not to proceed with the sell down of a 10% stake in Ninety One given market volatility. The lower than guided capital impact is as a result of retaining this 10% stake.

In January 2020, the Bank of England (BoE) re-confirmed the preferred resolution strategy for the bank as the bank insolvency (special administration) procedure under the Investment Bank Special Administration Regulations 2011 – otherwise known as 'modified insolvency'. As the resolution strategy is 'modified insolvency', the BoE has therefore set IBP's minimum requirement for own funds and eligible liabilities (MREL) requirement as equal to its total regulatory capital requirements. In addition, as part of the Prudential Regulation Authority (PRA)'s most recent Internal Capital Adequacy Assessment Process (ICAAP), the Investec plc Pillar IIA capital requirement was reduced from 1.51% to 1.12%. This together with the reduction in the UK Countercyclical Capital Buffer (CCyB) (which was reduced by the Financial Policy Committee (FPC) in light of the current economic environment) has resulted in a lower CET1 regulatory minimum for Investec plc and IBP, substantially increasing our regulatory capital surplus.

Investec Limited adopted the FIRB approach effective 1 April 2019. Investec Limited's application for the conversion to AIRB is under review and if successful is expected to result in a c. 2.0% uplift to the CET1 ratio. Investec Limited's CET1 ratio includes a reduction of 85bps in the current year associated with our High Quality Liquid Assets and credit investment portfolios held at fair value through equity. This was a consequence of the sudden movement in credit spreads in March 2020, impacting valuations at 31 March 2020. More than half of this impact reversed post year end. In South Africa, on 6 April 2020, the South African Prudential Authority (South African PA) reduced the Pillar IIA capital requirement by 1.0% (0.5% in CET1), thereby increasing our surplus to regulatory requirements

Holding a high level of readily available, high quality liquid assets remains paramount in the management of our balance sheet. We continued to maintain a low reliance on interbank wholesale funding to fund core lending asset growth. A strong liquidity position continued to be maintained throughout the year primarily supported by growth in fixed term and notice retail customer deposits. Cash and near cash balances amounted to £12.7 billion at 31 March 2020 (31 March 2019: £13.3 billion). In the UK, average cash balances were significantly surplus to usual levels, largely driven by prefunding ahead of the closure of our Irish deposit raising business as a result of Brexit, as well as the decision to hold higher levels of group cash balances due to the onset of the COVID-19 pandemic. Customer accounts (deposits) totalled £32.2 billion at 31 March 2020 (31 March 2019: £31.3 billion).

Loans and advances to customers as a percentage of customer deposits ratio remained conservative at 76.3%. The group comfortably exceeds Basel liquidity requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). IBL (solo basis) ended the period to 31 March 2020 with the three-month average of its LCR at 133.2% and NSFR of 116.2%. For Investec plc and IBP (solo basis) the LCR and NSFR are calculated using the relevant EU regulation, applying our own interpretations where required. The LCR reported to the PRA at 31 March 2020 was 396% for Investec plc and 411% for IBP (solo basis). The internally calculated NSFR was 122% for Investec plc and 120% for IBP (solo basis) at 31 March 2020. These may change over time with regulatory developments and guidance.

Looking forward, the focus remains on maintaining a strong liquidity position in light of the impact of the COVID-19 pandemic. Funding continues to be actively raised, particularly in the retail market, in line with the bank's strategic objectives and to insulate the group from further ongoing market uncertainty. We expect to participate in the BoE Term Funding Scheme with additional incentives for Small and Medium Enterprises (TFSME).

We remain highly focused on managing conduct, reputational, operational, recovery and resolution risks. Financial and cyber crime are high priorities, and the group continually aims to strengthen systems and controls in order to manage cyber risk as well as meet regulatory obligations to combat money laundering, fraud and corruption. The operational response of our business to the disruptions caused by COVID-19 has been a robust, agile transition into remote working, enabling a seamless continuation of service to our clients. The group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the group is involved in disputes and legal proceedings which arise in the ordinary course of business. The group evaluates all facts, the probability of the outcome of legal proceedings and advice from internal and external legal counsel when considering the accounting implications.

The group's stress testing framework is well embedded in its operations and is designed to identify and regularly test the group's key vulnerabilities under stress. A fundamental part of the stress testing process is a full and comprehensive analysis of all the group's material business activities, incorporating views from risk, the business units and the executive – a process called the 'bottom-up' analysis. Resulting from the 'bottom-up' analysis, the Investec-specific stress scenarios are designed to specifically test the unique attributes of the group's portfolio. The key is to understand the potential threats to our sustainability and profitability and thus a number of risk scenarios are developed and assessed. These Investec-specific stress scenarios form an integral part of our capital planning process and IFRS 9 reporting.

The stress testing process also informs the risk appetite review process and the management of risk appetite limits and is a key risk management tool of the group. This process allows the group to proactively identify underlying risks and manage them accordingly. During the year, a number of stress scenarios were considered and incorporated into our processes including for assessing the impact of COVID-19. We continue to assess the potential impact from the current uncertain environment and its potential impacts on the group.

The board, through its respective risk and capital committees, continued to assess the impact of its principal risks and the above mentioned stress scenarios on its business. The board has concluded that the group has robust systems and processes in place to manage these risks and that, while under a severe stress scenario business activity would be very subdued, the group would continue to maintain adequate liquidity and capital balances to support the continued operation of the group.

Our viability statement is provided on pages 113 and 114.

Conclusion

Given the unusual and unprecedented economic and market conditions as a result of the COVID-19 pandemic, the risk outlook remains uncertain and it is unclear how our clients will adjust over the coming months. As the pandemic evolves, management is focused on maintaining the integrity of our balance sheet through continuous oversight of credit, liquidity and capital risk with ongoing stress testing, scenario modelling and client engagement, ensuring the business remains operational through resilience strategies implemented, as we continue to support our clients during this period. We are comfortable that we have a strong balance sheet with regard to the high levels of liquidity, strong capital and low leverage as well as established risk management processes and systems in place to navigate through this period of uncertainty.

Signed on behalf of the board

Fani Titi
CEO

16 June 2020

Salient features

A summary of key risk indicators are provided in the tables below.

	UK and Other^^		Southern Africa^^^		Investec group	
Year to 31 March	**2020 £**	**2019 £**	**2020 R**	**2019 R**	**2020 £**	**2019 £**
Net core loans and advances (million)	11 870	10 514	288 878	271 204	24 911	24 941
Total assets (excluding assurance assets) (million)	24 745	22 565	574 607	507 192	50 621	49 507
Total risk-weighted assets (million)	16 285	15 313	337 755	318 533 ***	31 532 ^	32 258 ^
Total equity (million)	2 389	2 285	56 675	55 616	4 898	5 251
Cash and near cash (million)	6 040	6 991	147 169	118 365	12 683	13 288
Customer accounts (deposits) (million)	15 272	13 137	375 456	341 578	32 221	31 307
Loans and advances to customers to customer deposits	77.7%	80.0%	75.0%	77.2%	76.3%	78.4%
Structured credit as a % of total assets*	2.1%	2.1%	0.6%	0.3%	1.3%	1.1%
Banking book investment and equity risk exposures as a % of total assets*	2.6%	2.6%	4.2%	4.7%	3.4%	3.9%
Traded market risk: 95% one-day value at risk (million)	1.5	0.4	6.9	3.8	n/a	n/a
Core loans to equity ratio	5.0x	4.6 x	5.1x	4.9 x	5.1x	4.8x
Total gearing ratio**	10.4x	9.9 x	10.1x	9.1 x	10.3x	9.4x
Return on average assets#	0.79%	1.19%	0.95%	1.14%	0.88%	1.16%
Return on average risk-weighted assets#	1.19%	1.73%	1.56%	1.70%	1.38%	1.71%
Stage 3 exposure as a % of gross core loans and advances subject to ECL	3.3%	3.2%	1.5%	1.4%	2.4%	2.1%
Stage 3 exposure net of ECL as a % of net core loans and advances subject to ECL	2.4%	2.2%	0.9%	0.8%	1.6%	1.3%
Credit loss ratio	0.69%	0.38%	0.36%	0.28%	0.52%	0.31%
Level 3 (fair value assets) as a % of total assets	6.9%	8.4%	2.1%	1.5%	4.4%	4.6%
Total capital ratio	14.9%	15.7%	15.0%	16.0% ***	n/a	n/a
Tier 1 ratio	12.4% ##	12.6%	11.5%	12.4% ***	n/a	n/a
Common equity tier 1 ratio	10.7% ##	10.8%	10.9%	11.6% ***	n/a	n/a
Leverage ratio - current	7.8%	7.9%	6.4%	7.4% ***	n/a	n/a

* *Total assets excluding assurance assets.*
^ *The group numbers have been 'derived' by adding Investec plc and Investec Limited (Rand converted into Pounds Sterling) numbers together.*
\# *Where return represents adjusted earnings attributable to ordinary shareholders, as defined on page 203. Average balances are calculated on a straight-line average.*
** *Total assets excluding assurance assets to total equity.*
^^ *The capital adequacy disclosures follow Investec's normal basis of presentation so as to show a consistent basis of calculation across the jurisdictions in which the group operates. For Investec plc and IBP this does not include the deduction of foreseeable charges and dividends when calculating the CET1 ratio as required under the Capital Requirements Regulation (CRR) and European Banking Authority (EBA) technical standards. The impact of this deduction totalling £0 million for Investec plc and £0 million for IBP would lower the CET1 ratio by 0 bps and nil bps respectively.*
^^^ *Investec Limited's capital information includes unappropriated profits. If unappropriated profits are excluded from capital information, Investec Limited's CET1 ratio would be 24bps lower (31 March 2019: 27bps lower).*
*** *We received approval to adopt the FIRB approach, effective 1 April 2019. The numbers presented are on a pro forma basis.*
\#\# *The CET1, tier 1 (T1), total capital ratio and RWAs are calculated using IFRS 9 transitional arrangements.*

Certain information is denoted as n/a as these statistics are not possible at a consolidated group level and are best reflected per banking entity.

Overall group risk appetite

The group has a number of board-approved risk appetite statements and policy documents covering our risk tolerance and approach to our principal aspects of risk. In addition, a number of committees and forums identify and manage risk at a group level. The risk appetite statements and frameworks for Investec plc and Investec Limited set out the board's mandated risk appetite. The risk appetite frameworks act as a guide to determine the acceptable risk profile of the group. The risk appetite statements ensure that limits/targets are applied and monitored across all key operating jurisdictions and legal entities. The risk appetite statements are high-level, strategic frameworks that supplement and do not replace the detailed risk policy documents at each entity and geographic level. The risk appetite frameworks are a function of business strategy, budget and capital processes, our stress testing reviews and the regulatory and economic environment in which the group is operating. The risk appetite frameworks are reviewed (in light of the above aspects) and approved at least annually or as business needs dictate. A documented process exists where our risk profile is measured against our risk appetite and this positioning is presented to the DLC BRCC and the board.

The table below provides a high-level summary of the group's overall risk tolerance.

Risk appetite and tolerance metrics	Positioning at 31 March 2020
We seek to maintain an appropriate balance between revenue earned from capital light and balance sheet driven activities. Ideally capital light revenue should exceed 50% of total operating income, dependent on prevailing market conditions	For our continuing operations, capital light activities contributed 44.1% to total operating income and balance sheet driven activities contributed 55.9%
We have a solid annuity income base supported by diversified revenue streams, and target an annuity income ratio in excess of 65%	Annuity income for our continuing operations amounted to 77.2% of total operating income. Refer to page 32 for further information
We seek to maintain strict control over fixed costs. For the 2020 financial year the group had a cost to income ratio target of below 63%*	The cost to income ratio amounted to 68.2%. Refer to page 46 for further information
We aim to build a sustainable business generating sufficient return to shareholders over the longer term, and target a long-term return on equity ratio range of between 12% and 16%, and a return on RWAs in excess of 1.2%	The return on equity amounted to 11.0% and our return on RWAs amounted to 1.38%. Refer to page 58 for further information
We are a lowly leveraged firm and target a leverage ratio in all our banking subsidiaries in excess of 6%	The current leverage ratios were 7.8% and 6.4% for Investec plc and Investec Limited respectively; refer to page 59 for further information
We intend to maintain a sufficient level of capital to satisfy regulatory requirements and our internal target ratios. We target a total capital adequacy ratio range of between 14% and 17% on a consolidated basis for Investec plc and Investec Limited and we target a minimum tier 1 ratio of 11% and a CET1 ratio above 10%	Investec plc and Investec Limited met all these targets. Capital has grown over the period. Refer to page 59 for further information
We target a diversified loan portfolio, lending to clients we know and understand. We limit our exposure to a single/connected individual or company to £120 million for Investec plc and 7.5% of tier 1 capital for Investec Limited. We also have a number of risk tolerance limits and targets for specific asset classes	We maintained this risk tolerance level in place throughout the year
We have a preference for primary exposure in the group's main operating geographies (i.e. South Africa and UK). We will accept exposures where we have a branch or local banking subsidiary and tolerate exposures to other countries where we have developed a local understanding and capability or we are facilitating a transaction for a client	Refer to page 14 of volume two of the Investec group's 2020 integrated annual report for further information
We take a cautious approach with respect to industries that are known to damage the environment. Financial risk from climate change is a highly important topic which helps to inform decisions. We acknowledge that our approach is still work in progress and will continue to develop this over time	Refer to pages 14 and 76 of volume two of the Investec group's 2020 integrated annual report for more information
We target a credit loss ratio of less than 0.5% for both Investec Limited and Investec plc (less than 1.25% and 1.75% under a weak economic environment/ stressed scenario for Investec Limited and Investec plc respectively). Stage 3 net of ECL as a % of net core loans and advances subject to ECL to be less than 2% for Investec plc (excluding the legacy portfolio; less than 4% under a weak economic environment / stressed scenario) and less than 2% for Investec Limited. Investec plc targets Stage 3 net of ECL as a % of CET 1 less than 25%	We currently remain within all tolerance levels given the current weakened economic environment. Pre COVID-19, the group credit loss ratio was calculated at 0.28% for 31 March 2020 (31 March 2019: 0.31%), however taking into account the impacts from COVID-19 the overall credit loss ratio was 0.52%. Stage 3 net of ECL as a % of net core loans and advances subject to ECL was 1.7% for Investec plc (excluding the legacy portfolio) and 0.9% for Investec Limited. Stage 3 net of ECL as a % of CET 1 is 15.6% for Investec plc. Refer to page 35 of volume two of the Investec group's 2020 integrated annual report for further information
We carry a high level of liquidity in all our banking subsidiaries in order to be able to cope with shocks to the system, targeting a minimum cash to customer deposit ratio of 25%	Total cash and near cash balances amounted to £12.7 billion at year end representing 39.4% of customer deposits. Refer to page 61 of volume two of the Investec group's 2020 integrated annual report for further information
We have modest market risk as our trading activities primarily focus on supporting client activity and our appetite for proprietary trading is limited. We set an overall tolerance level of a one-day 95% VaR of less than R15 million for Investec Limited and less than £2.5 million for Investec plc	We met these internal limits; one-day 95% VaR was R6.9 million for Investec Limited and £1.5 million for Investec plc at 31 March 2020; refer to page 53 of volume two of the Investec group's 2020 integrated annual report for further information
We have moderate appetite for investment risk, and set a risk tolerance of less than 30.0% of CET1 capital for our unlisted principal investment portfolio for Investec plc and 12.5% for Investec Limited	Our unlisted investment portfolios amounted to R3.8 billion and £348 million for Investec Limited and Investec plc respectively, representing 9.8% of total tier 1 for Investec Limited and 19.9% of CET1 for Investec plc. Refer to page 49 of volume two of the Investec group's 2020 integrated annual report for further information on investment risk
We maintain sound operational risk practices to identify and manage operational risk. The group has no appetite for failures in meeting our legal and ethical obligations to combat financial crime and for failures to meet regulatory rules or guidance.	Refer to pages 69 to 72 of volume two of the Investec group's 2020 integrated annual report for further information
We have a number of policies and practices in place to mitigate reputational, legal, tax and conduct risks	Refer to pages 74 and 75 of volume two of the Investec group's 2020 integrated annual report for further information

* *In light of the COVID-19 pandemic, the longer-term impacts of which are hard to judge at present, a review of the performance targets that were set for achievement in 2022 may be necessary.*

We are facing a challenging global economic environment with resilient client franchises

Chairman's introduction

Dear Shareholder

It is my pleasure to present the corporate governance report for the year ended 31 March 2020. The report details our approach to corporate governance in practice, how we operate and our key activities during the year, together with information on the annual board evaluation process. For the purpose of this report, the boards of Investec plc and Investec Limited will be referred to as the board.

Investec plc and Investec Limited, together with their subsidiaries, are managed as a single economic enterprise as a result of the dual listed company (DLC) structure. The board is responsible for statutory matters and corporate governance for the group, and sets the standards for the subsidiaries of the group. The boards of Investec Bank plc (IBP) and Investec Bank Limited (IBL), the UK and South African regulated banking subsidiaries of the group respectively, are responsible for the statutory matters and corporate governance for the respective banks, and ensure compliance with the applicable legislation and governance requirements of the jurisdictions within which they operate. Stakeholders are therefore encouraged to also read the corporate governance reports as contained in the IBP 2020 annual report and IBL 2020 annual report.

Before looking in more detail at the key aspects of our governance, I would like to reflect on the board's achievements and the challenges encountered over the past year, and to consider the key areas of focus for the board in the year ahead.

The past year in focus

A year of change

Change has been an evident theme of the past year, in particular, with regards to the demerger and separate listing of the Asset Management business, which was successfully completed in March 2020, with the formation of Ninety One, a global asset manager with an emerging market heritage. The demerger has simplified the group, allowing the banking and wealth businesses to focus on their growth plans, and to build on the current and potential linkages between our businesses.

The operating environment remained challenging over the year, with confidence impacted by the uncertainty around global trade tensions, muted economic growth in South Africa and Brexit in the UK. Economies experienced further volatility in the fourth quarter of the financial year as a result of the global outbreak of COVID-19. Against this backdrop, the group reported a decrease in adjusted operating profit of 16.8% from £731.9mn to £608.9mn. Earnings were characterised by growth in client-related revenues and much tighter cost containment. However, this was more than offset by significantly lower investment and trading revenues, and higher expected credit loss charges given the economic backdrop.

The board and leadership team has also seen significant change during the financial year and continuing into the new year, including the departures of Hendrik du Toit as joint chief executive officer (CEO) and Kim McFarland as an executive director and the appointment of Ciaran Whelan as an executive director. The board announced its intention to appoint Richard Wainwright, subject to regulatory approval, as an executive director. Changes to the board and leadership team have been delivered through planned and structured succession in order to bring new skills to the board, but to also provide continuity and retain knowledge within the organisation, with both Ciaran and Richard being internal appointments.

Strategy

The group remains driven by our founders' entrepreneurial spirit and commercial integrity. We have built a reputation for forging strong, open and long-standing partnerships with our clients. Investec's culture and values continue to underpin the organisation in achieving its strategic objectives. The group continued to make progress in its stated strategy to simplify and focus the business in pursuit of disciplined growth in the long term. The group completed the demerger of the asset management business, executed various actions relating to the closure, sale and restructure of certain non-core and subscale businesses, reduced operating costs and delivered loan book growth and client acquisition ahead of budget in the UK Private Banking business. In addition, the group has continued to focus on its long-term commitment to One Investec; a client-focused strategy where, irrespective of specialisation or geography, there is a commitment to offer clients the full breadth and scale of Investec's products and services.

To deliver on One Investec, there is a focus on imperative collaboration between the banking and wealth businesses; together with continued investment and support into these franchises. This will position Investec for sustainable long-term growth.

Board composition

As identified above, the composition of the board and the leadership team has further evolved. The board, working closely with the DLC Nominations and Directors' Affairs Committee (DLC Nomdac), continues to drive and monitor succession planning. The succession of the group's executive management, in particular, has been a key focus area for the board. Since the previous annual report, the following changes have been effected in respect of the composition of the board:

- Stephen Koseff and Bernard Kantor, who served as executive directors of the board, did not stand for re-election at the 2019 Annual General Meeting (AGM), and therefore stood down from the board with effect from 8 August 2019. Stephen continued to oversee the demerger and separate listing of Ninety One. The board is grateful to Stephen and Bernard for their exemplary service, commitment and contribution to the group since the 1980s
- Cheryl Carolus and Laurel Bowden, who served as non-executive directors of the board, did not stand for re-election at the 2019 AGM, and therefore stood down from the board with effect from 8 August 2019. The board is grateful to Cheryl and Laurel for their dedication and contribution to the group, and wishes them well with their future endeavours
- Henrietta Baldock and Philisiwe Sibiya were appointed as non-executive directors of the board with effect from 9 August 2019. Henrietta was appointed a member of the DLC Board Risk and Capital Committee (BRCC), and Philisiwe was appointed a member of the DLC Audit Committee and DLC BRCC

- Subsequent to the demerger of the Asset Management business, Hendrik du Toit and Kim McFarland, stepped down from the board, with effect from 16 March 2020, to focus their efforts on Ninety One. The board offers its sincere thanks to Hendrik and Kim for their exemplary service, dedication and commitment to the group. They go with our very best wishes for their roles at an independent Ninety One, where Hendrik has become CEO and Kim chief financial officer (CFO), and we wish them every success
- Fani Titi continues on the board, as sole CEO, and Nishlan Samujh continues as Finance Director of the group
- Ciaran Whelan, who has been acting as group head of risk, was appointed as an executive director with effect from 1 April 2020
- David van der Walt was appointed as an executive director with effect from 1 April 2020. David stepped down as a director on 4 June 2020, ahead of his retirement from the group in December 2020. The board offers its sincere thanks to David for his long service, dedication and contribution to the group
- The board announced its intention, subject to regulatory approval, to appoint Richard Wainwright, CEO of IBL and head of the South African Specialist Banking business, as an executive director
- Ian Kantor, co-founder and former CEO of the group, who currently serves as a non-executive director, will not stand for re-election at the 2020 AGM. The board is grateful to Ian for his exemplary service, commitment and contribution to the group, and wishes him well with his future endeavours

Diversity

The group strives to prevent and eliminate any form of discrimination based on gender, race, ethnicity, religion, age, disability, sexual preference, political opinion, sensitive medical conditions, nationality or country of origin or any other form of discrimination. We are committed to attracting, developing and retaining a diverse team of talented people and our recruitment strategies prioritise previously disadvantaged candidates, where possible. A diverse workforce is vital to our ability to continue to be an innovative organisation that can adapt and prosper in a fast-changing world. We have various formal and informal processes to encourage debate and dialogue, valuing diversity and difference across the group.

We have a board diversity policy, setting out the targets for board composition in terms of gender and race. The board, cognisant of the Hampton-Alexander Review, set a target of 33% female representation on the board by the end of the 2020 calendar year, and as at the date of this report, there was a 23% representation of women on the board. In terms of ethnic diversity, as at 31 March 2020, there were five persons of colour, as defined by the Parker Review, who are board members. The group is also a signatory to the Women in Finance Charter in the UK, pledging to promote gender diversity by having a senior executive team member responsible and accountable for gender diversity and inclusion, setting internal targets for gender diversity at senior management levels, publishing progress annually against these targets, and linking the pay of senior executives to delivery against these gender diversity targets. We are also a member of the 30% Club in South Africa and the UK.

The board recognises that more still needs to be done, in particular, in regards to the representation of women on the board. We also acknowledge and are very conscious of the fact that this has declined in the year, following Kim McFarland stepping down from the board of Investec group and onto the board of Ninety One (as a result of the demerger of the Asset Management business). Our target for female board representation remains 33% and we are committed to achieving this target. We are committed to improving the diversity of the board, for a diverse board remains essential to the group, bringing indisputable benefits, including distinct and different outlooks, alternative points of view, and mindsets able to challenge the status quo.

In addition, the group reported on its gender pay gap. We are confident that across our organisation men and women are paid equally for doing the same job. Our gender pay gap occurs primarily because there is a lower proportion of women in senior leadership and revenue-generating roles which attract higher market levels of pay. We are dedicated to improving our position in line with our commitment to further promote diversity.

Corporate governance

Sound corporate governance is implicit in Investec's values, culture, processes, functions and organisational structure. Our values require that directors and employees behave with integrity, displaying consistent and uncompromised moral strength in order to promote and maintain trust. We demand cast-iron integrity in all internal and external dealings and an uncompromising display of moral strength and behaviour. We believe that open and honest dialogue is the appropriate process to test decisions, reach consensus and accept responsibility. We have adopted a multi-dimensional approach involving everyone in the organisation which incorporates challenge at every level as a defence mechanism against corruption and fraud. Creating fraud and ethics awareness throughout the organisation assists in influencing ethical behaviour.

Following the enhancement of the independent governance structures of IBL and IBP in the previous year, during the year under review we focused on embedding these structures and processes across the group.

For the financial year ended 31 March 2020, the group applied and was compliant with the UK Corporate Governance Code 2018 and King IV Code. The board, in preparation for the group's adoption of the UK Corporate Governance Code 2018, reviewed its corporate governance framework and considered our approach to workforce engagement. For further information regarding the group's application of the UK Corporate Governance Code refer to page 149 of volume one of the Investec group's 2020 integrated annual report, as well as in relation to the group's application of the King IV Code. Further details regarding the group's approach to workforce engagement may be found on page 112.

Board effectiveness

The board regularly reviews its own effectiveness and therefore undertakes a formal evaluation of its performance and that of its committees and individual directors annually. In accordance with recognised codes of corporate governance, the evaluation of the board is externally facilitated at least every three years. As the 2018 board effectiveness review was externally facilitated by Professor Robert Goffee, the DLC Nomdac and the board agreed that the board effectiveness review for 2019 would be internally facilitated, and take the form of a self-assessment questionnaire, followed by one to one meetings with the chairman.

The findings were collated and presented to the DLC Nomdac at the January 2020 meeting, prior to presentation to the board at the February 2020 meeting. Overall, the board members were found to be satisfied with various aspects of board governance and functioning. The board effectiveness review identified that there had been an improvement to the overall effectiveness of the board, in particular, within the context of the significant changes to the executive leadership team and the governance framework. Further details regarding the 2019 board effectiveness review may be found in the DLC Nomdac report on page 127 of volume one of the Investec group's 2020 integrated annual report.

Stakeholder engagement

The board oversees and monitors, on an ongoing basis, how the consequences of our organisation's activities and outputs impact its status as a responsible corporate citizen. This oversight and monitoring is performed against measures and targets agreed with management regarding the workplace, economy, society and environment. Our group-wide philosophy seeks to maintain an appropriate balance between the interests of all stakeholders and is closely aligned to our culture and values which include risk consciousness, meritocracy, material employee ownership and an unselfish contribution to colleagues, clients and society.

During the past year, the board has continued its shareholder consultations. These consultations included discussions on the progress made on the group's strategic initiatives, the impact of the changes in the economic environment on the group as well as various other key governance topics.

For further information regarding the group's engagement with our stakeholders and the group's section 172 statement refer to pages 21 to 25.

The year ahead

As the year drew to a close, we faced the challenges resulting from the COVID-19 pandemic. Similar to other organisations, we have taken decisive action to help ensure the welfare of our people, to assist our clients, to support our community, to work with the initiatives put forward by the governments in the jurisdictions in which we operate, and to manage the heightened risk environment. There remains uncertainty, as to the depth of the potential downturn in activity, the duration of restrictive measures and the exit plans within the geographies in which we operate. At the present time it is difficult to predict the full impact that the pandemic will have on the group. The board will continue to meet regularly, on a virtual basis, to ensure that our responsibilities are fulfilled, appropriate support is provided, risks are carefully managed and potential opportunities assessed as the group navigates these turbulent times.

In the coming year, a key focus for the board will be the consideration of the governance structure of the group, and the governance structures of the group's core banking and wealth subsidiaries, following the demerger and separate listing of Ninety One. The board, with the assistance of the DLC Nomdac, will also undertake a review of the composition of the board, to ensure that it remains appropriate for the group, and that the members of the board have the necessary skills, knowledge, experience and diversity, required to conduct the affairs of the group.

The board will continue to focus on those matters that will support our strategic priorities, enabling growth with discipline and enhancing both the service we are able to provide to our clients and the returns for our shareholders. There will be increased connectivity between our banking and wealth businesses, and across our geographies, together with the further development of our digital capabilities. Heightened cost management rigour remains a key priority, particularly in the current economic environment. Whilst overseeing the delivery of our strategic priorities, the board will ensure adherence to good corporate governance and sound decision making that includes full and proper regard to the environmental impact of our activities, and the interests of all our stakeholders.

Conclusion

The careful selection of people, their ongoing development and uncompromising commitment to our stated values will continue to be a distinctive characteristic of Investec's culture and drive.

We will continue to integrate social, ethical and environmental considerations into day-to-day operations and our sustainability approach is based on the integration of people, planet and profit.

Most importantly, our immediate focus in these unprecedented times, is the wellbeing and safety of our employees and clients. We will continue to support and stay close to clients, and ensure we deliver the excellence of service that they expect and value.

Over the following pages, you will find more detail on the group's governance framework, including who the board and management are, how they make decisions and what they have done over the past year in terms of their leadership, strategic direction, and oversight of the organisation. We trust that this report, together with the group's 2020 integrated report and financial statements, will provide you with an overview of how we are managing the group and promoting the interests of all our stakeholders.

PKO Crosthwaite.

Perry Crosthwaite
Chairman

16 June 2020

Who we are

Director biographies

Biographies of our current directors are outlined below, including their relevant skills and experience, key external appointments and any appointments to board committees.

Perry KO Crosthwaite

Investec plc and Investec Limited chairman

Age: 71

Qualifications: MA (Hons) (Oxon) in modern languages

Relevant skills and experience
Perry was appointed chairman of Investec plc and Investec Limited on 15 May 2018. Perry was previously senior independent director of Investec plc and Investec Limited, a position he held from August 2014 to March 2018, having joined the boards of Investec plc and Investec Limited in June 2010. Perry is a former chairman of Investec Investment Banking and Securities and left the group on 31 March 2004. Perry has financial experience gained through a career in investment banking with over 30 years of experience. Perry has previously served as a non-executive director of Melrose Industries plc and Toluna plc, chairman of Jupiter of Green Investment Trust and was a founding member of Henderson Crosthwaite Institutional Brokers Limited.

External appointments
None

Committee membership
DLC BRCC, DLC Nomdac (chairman) and DLC Remuneration Committee

Date of appointment
Investec Limited 18 June 2010
Investec plc 18 June 2010

Zarina BM Bassa

Senior independent non-executive director

Age: 56

Qualifications: BAcc, DipAcc, CA(SA)

Relevant skills and experience
Zarina is a former partner of Ernst & Young Inc. She joined the Absa Group in 2002 and was an executive director of Absa Bank, a member of the group's executive committee, and Head of the Private Bank. She has previously chaired the South African Public Accountants' and Auditors' Board and the South African Auditing Standards Board and has been a board member of the Accounting Standards Board and a member of the JSE GAAP Monitoring Panel. Zarina has previously served as a non-executive director at several companies including the South African Institute of Chartered Accountants, Kumba Iron Ore Limited, Sun International Limited, Vodacom South Africa Proprietary Limited, Mercedes SA and the Financial Services Board. Zarina was appointed as the senior independent non-executive director of Investec plc and Investec Limited on 1 April 2018.

External appointments
Oceana Group Limited, YeboYethu Limited, Woolworths Holdings Limited and JSE Limited

Committee membership
DLC Audit Committee (chair), DLC BRCC, DLC Nomdac and DLC Remuneration Committee

Date of appointment
Investec Limited 1 November 2014
Investec plc 1 November 2014

Henrietta C Baldock

Independent non-executive director

Age: 49

Qualifications: BSc Hons in Economics and Accounting

Relevant skills and experience
Henrietta has extensive knowledge of the financial services sector, through her 25 years' experience in investment banking, most recently as chairman of the European Financial Institutions team at Bank of America Merrill Lynch. Henrietta joined Bank of America Merrill Lynch in 2000 and served as its Vice President of the Financial Institutions Group, Managing Director and Head of European Financial Institutions Investment Banking. She started her career as a generalist adviser and has focused on financial institutions since 1995.

External appointments
Hydro Industries Limited, Legal and General Assurance Society Limited and Legal and General Group plc

Committee membership
DLC BRCC

Date of appointment
Investec Limited 9 August 2019
Investec plc 9 August 2019

Philip A Hourquebie

Independent non-executive director

Age: 66

Qualifications: BAcc, BCom (Hons), CA(SA)

Relevant skills and experience
Philip has been a Regional Managing Partner of two regions of Ernst & Young (Africa and Central and South East Europe, including Turkey). Philip left Ernst & Young in 2014. As a senior partner at Ernst & Young Inc., Philip's background is in advisory services in both the private and public sector. As an advisory partner and senior client service partner, he has worked, *inter alia*, with clients in financial services, mining, telecommunications, consumer products and retail, state-owned enterprises, government agencies and government departments at all three levels. Philip has also been a past chairman of the board of South African Institute of Chartered Accountants (SAICA).

External appointments
Aveng Limited

Committee membership
DLC Audit Committee, DLC BRCC, DLC Nomdac and DLC Remuneration Committee (chairman)

Date of appointment
Investec Limited 14 August 2017
Investec plc 14 August 2017

David Friedland

Independent non-executive director

Age: 66

Qualifications: BCom, CA(SA)

Relevant skills and experience
David is a former partner of both Arthur Andersen and KPMG Inc. where he also served as head of audit and risk in the KPMG Cape Town office before leaving in March 2013.

External appointments
The Foschini Group Limited, Pick n Pay Stores Limited and Pres Les Proprietary Limited

Committee membership
DLC BRCC (chairman) and DLC Nomdac

Date of appointment
Investec Limited 1 March 2013
Investec plc 1 March 2013

Charles R Jacobs

Independent non-executive director

Age: 53

Qualifications: LLB

Relevant skills and experience
Charles brings to the board a valuable combination of knowledge of the UK regulatory and corporate governance standards, global capital markets and M&A. Charles sits on the board of Fresnillo plc, a FTSE company. He was appointed a member of the Shanghai International Financial Advisory Council in 2019. Charles has over 27 years of experience of advising companies around the world, including in relation to their compliance, regulatory and legal requirements. Charles chairs Linklaters and holds an LLB from Leicester University.

External appointments
Fresnillo plc

Committee membership
DLC Remuneration Committee

Date of appointment
Investec Limited 8 August 2014
Investec plc 8 August 2014

Rt. Hon. Lord Malloch-Brown KCMG

Independent non-executive director

Age: 66

Qualifications: BA (Hons) (History), MA (Political Science)

Relevant skills and experience
Lord Malloch-Brown chairs or is on the board of several commercial entities, as well as Not for Profits, and is Senior Advisor to the Eurasia Group. He was a UK government minister and member of the cabinet. Lord Malloch-Brown was formerly the deputy secretary general of the United Nations as well as a vice president at the World Bank and head of United Nations Development Programme and a journalist at the Economist, with wide ranging experience of boards. He also chaired the Business and Sustainable Development Commission (BSDC).

External appointments
Seplat Petroleum Development Company plc, SGO Corporation Limited, I Squared Capital and Grupo T-Solar Global SA

Committee membership
DLC Nomdac and DLC SEC (chairman)

Date of appointment
Investec Limited 8 August 2014
Investec plc 8 August 2014

Ian R Kantor

Non-executive director

Age: 73

Qualifications: BSc. Eng (Elec.), MBA

Relevant skills and experience
Ian is a co-founder of Investec, served as the chief executive of IBL until 1985 and was the chairman of Investec Holdings Limited until 2002. Ian started his career at IBM, before joining Lease Plan International. Immediately prior to Investec, Ian taught business finance at the University of the Witwatersrand. Ian moved to the Netherlands in 1988, to develop the Insinger de Beaufort Group, a private bank, which had been established in 1779. He later resigned as CEO of the bank, to be appointed Deputy Vice Chairman of the group, following the formation of a partnership between Insinger de Beaufort and BNP Paribas.

External appointments
Blue Marlin Holdings South Africa (formerly Insinger de Beaufort Holdings South Africa, in which Investec Limited indirectly holds an 8.3% interest)

Committee membership
None

Date of appointment
Investec Limited 30 July 1980
Investec plc 26 June 2002

Khumo L Shuenyane

Independent non-executive director

Age: 49

Qualifications: BEcon, CA (England and Wales)

Relevant skills and experience
Khumo has served as an independent non-executive director of Investec Limited and Investec Plc since 2014. He also serves on the boards of a number of other companies within the Investec Group, including Investec Bank Limited, Investec Life Limited and Investec Property Fund Limited. He was appointed Chairman of Investec Bank Limited in 2018.

Khumo has been appointed as an independent non-executive director of Vodacom Group Limited with effect from 1 July 2020. He previously worked with Delta Partners, a global advisory firm headquartered in Dubai and focused on the telecoms, media and technology sectors, in various capacities for six years from 2014. Between 2007 and 2013 Khumo served as Group Chief Mergers & Acquisitions Officer for MTN Group Limited and a member of its Group Executive Committee.

Khumo previously worked for Investec Bank for nine years, serving as head of Principal Investments for three years and a member of Investec's corporate finance team before that. Prior to joining Investec in 1998, Khumo worked for Arthur Andersen in Birmingham, UK and in Johannesburg for six years from 1992. He qualified as a member of the Institute of Chartered Accountants in England & Wales in 1995.

External appointments
None

Committee membership
DLC BRCC, DLC Nomdac and DLC SEC

Date of appointment
Investec Limited 8 August 2014
Investec plc 8 August 2014

Philisiwe G Sibiya

Independent non-executive director

Age: 43

Qualifications: BAcc, Dip Acc, CA(SA)

Relevant skills and experience
Philisiwe spent 15 years in the Telecommunications and Media sector. She spent 12 years at MTN Group where she held various roles including as Group Finance Executive of MTN Group, CFO MTN South Africa and the last three years as CEO MTN Cameroon. Prior to this she spent three years with Arthur Andersen Johannesburg. Philisiwe is the founder and chief executive officer of Shingai Group.

External appointments
AECI Limited and Shingai Group (Pty) Limited

Committee membership
DLC Audit Committee and DLC BRCC

Date of appointment
Investec Limited 9 August 2019
Investec plc 9 August 2019

Fani Titi

Group chief executive officer

Age: 57

Qualifications: BSc (cum laude), BSc Hons (cum laude) in Mathematics, MA in Mathematics, MBA

Relevant skills and experience
Fani has been a member of the boards of Investec Limited and Investec plc since January 2004 and was non-executive chairman of Investec Limited and Investec plc from November 2011 until 15 May 2018. He has also been a member of the IBL board from July 2002, and the IBP board from August 2011. He has served on the board of Investec Asset Management from November 2013 and remains on the board of the newly listed Ninety One as a non-executive director. Fani was a founding member of the private investment group Kagiso Trust Investments Limited (now Kagiso Tiso Holdings), and later cofounded and led the public offering of Kagiso Media Limited on the JSE Limited as its CEO. Fani was subsequently the founding executive chairman of the private investment firm the Tiso Group, which subsequently merged with Kagiso Trust Investments to form Kagiso Tiso Holdings. Fani stepped down from the Tiso Group in 2008 to concentrate his time on his duties at the Investec group, while also looking after his private investment portfolio. Fani has over two decades of investment banking experience and has sat on the boards of different investee companies and JSE listed companies. Fani has also joined the Secretary General of the United Nations CEO Alliance on Global Investors for Sustainable Development (GISD). Fani was appointed joint group chief executive officer of Investec group on 01 October 2018 and following the demerger and separate listing of Ninety One, became the sole chief executive officer of the group.

External appointments
Ninety One plc

Committee membership
DLC BRCC and DLC SEC

Date of appointment
Investec Limited 30 January 2004
Investec plc 30 January 2004

Nishlan Samujh

Group finance director

Age: 46

Qualifications: BAcc; Dip Acc, CA(SA) HDip Tax

Relevant skills and experience
Nishlan started his career in 1996 at KPMG Inc. In 1999, he proceeded to join Sasol Chemical Industries for a short period before joining Investec in January 2000. Nishlan started his career at Investec in the financial reporting team as a technical accountant. In 2010 he took on the full responsibility for the finance function in South Africa. This role developed into the Global Head of Finance. Nishlan was appointed as finance director of Investec plc and Investec Limited on 1 April 2019

External appointments
None

Committee membership
DLC BRCC

Date of appointment
Investec Limited 1 April 2019
Investec plc 1 April 2019

James KC Whelan

Executive Director

Age: 57

Qualifications: FCA (Irish), HDip Tax (South Africa)

Relevant skills and experience
James, known as Ciaran, joined Investec in 1988. He has had varied experience within Investec, including chief executive officer of Investec Bank Australia Limited and the global head of Investec Private Bank. Prior to joining Investec, Ciaran was an audit manager at KPMG Inc., having completed his articles at Coopers & Lybrand in Ireland. Ciaran was appointed as an executive director of Investec plc and Investec Limited on 1 April 2020 and as CEO of Wealth & Investment (UK), subject to regulatory approval.

External appointments
None

Committee membership
None

Date of appointment
Investec Limited 1 April 2020
Investec plc 1 April 2020

Governance Framework

Investec operates under a dual listed companies (DLC) structure and considers the corporate governance principles and regulations of both the UK and South Africa before adopting the appropriate standard for the group, and complies with the requirements in both jurisdictions.

From a legal perspective, the DLC comprises:

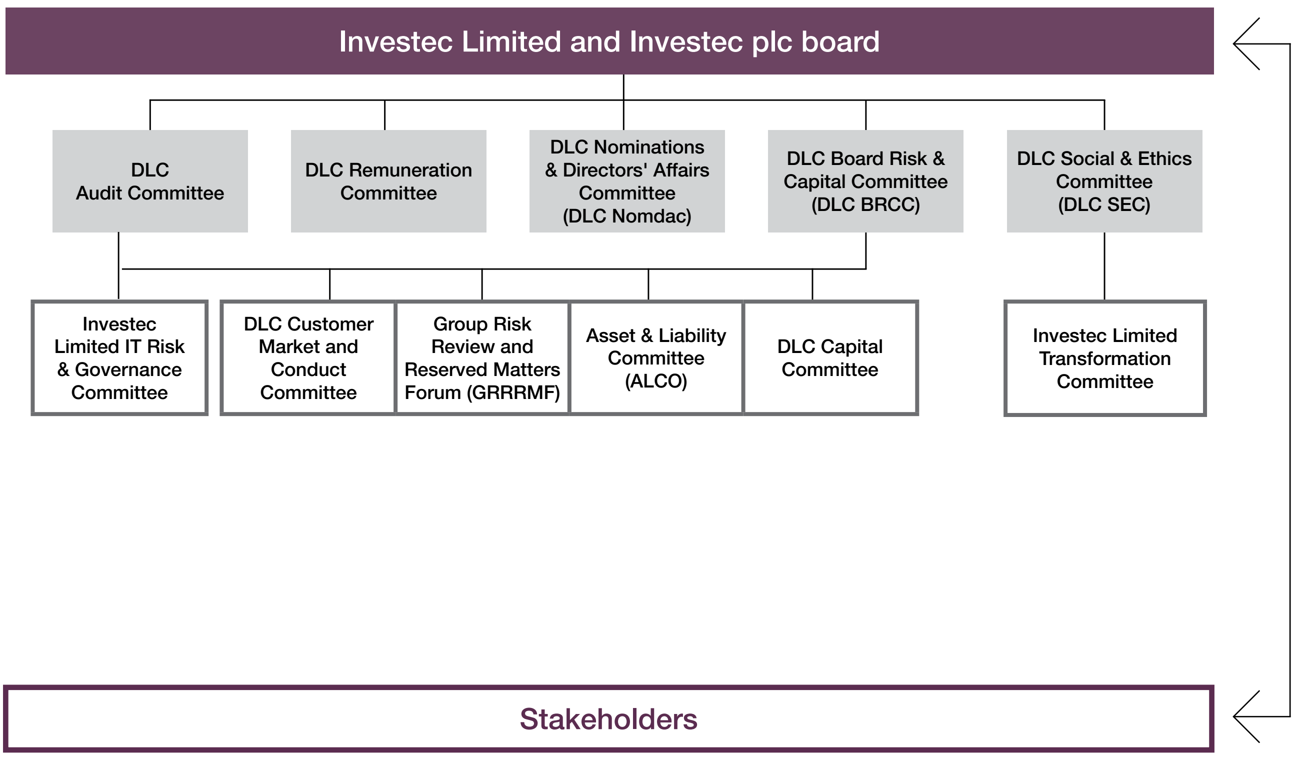
- Investec plc – a public company incorporated in the UK and listed on the London Stock Exchange (LSE), with a secondary listing on the Johannesburg Stock Exchange (JSE); and
- Investec Limited – a public company incorporated in South Africa and listed on the JSE, with secondary listings on the Namibia Stock Exchange and the Botswana Stock Exchange.

The boards of Investec plc and Investec Limited are identical in terms of their composition and board meetings are held jointly. The committee structure has been derived from the requirements of the UK Corporate Governance Code and the King IV Code, as well as the activities of the group.

Our governance activities are aligned with the South African Companies Act, No 71 of 2008, as amended (the South African Companies Act), the JSE Listings Requirements, the King IV Code, the South African Banks Act 94 of 1990 (South African Banks Act), the UK Companies Act 2006 (UK Companies Act) and the UK Corporate Governance Code 2018.

The boards of IBP and IBL, the UK and South African regulated banking subsidiaries of the group respectively, and the board of IW&I, our regulated wealth subsidiary, are responsible for the statutory matters and corporate governance for the respective entities and ensure compliance with the applicable legislation and governance requirements of the jurisdictions within which they operate. The boards and board committees of IBP, IBL and IW&I report to the board and the board committees of the group, with the interconnection between the respective board committees, supported by the membership or attendance of the chairman of the group board committee at the respective subsidiary board committee.

The governance framework from a group perspective is detailed below:



Board and executive roles

The key governance roles and responsibilities of the board are outlined below:

<table>
<tr><th>Chairman</th><th>Chief executive officer</th><th>Finance director</th></tr>
<tr><td>
• Responsible for the leadership of the board and ensuring its overall effectiveness
• Sets the board agenda, ensuring that there is sufficient time available for the discussion of all items, and that the board meets with appropriate frequency
• Acts as facilitator at board meetings to ensure that no director, whether executive or non-executive, dominates the discussion, ensures that the discussion is appropriate and that the discussions result in logical and understandable outcomes
• Demonstrates objective judgement and encourages open and honest dialogue between all board members
• Leads and manages the dynamics of the board, providing direction and focus
• Ensures that the board sets the strategy of the group and assists in monitoring the progress towards achieving the strategy
• Oversees the integrity and effectiveness of the governance processes of the board
• Leads the development of and monitors the effective implementation of policies and procedures for the induction, training and professional development of all board members
• Responsible for the evaluation of the performance of the board collectively, non-executive board members individually and contributes to the evaluation of the performance of the executive directors
• Maintains regular dialogue with the CEO in respect of all operational matters and consults with the remainder of the board promptly on any relevant matter
• Ensures that the board sets the tone from the top, in regard to culture
• Serves as the primary interface with regulators and other stakeholders on behalf of the board
</td><td>
• Leads and manages the group within the authorities delegated by the board
• Develops and recommends business plans, policies and objectives for consideration by the board, taking into consideration business, economic and political trends that may affect the operations of the group
• Develops strategic proposals for consideration and recommendation to the board
• Implements the decisions of the board and delivers the agreed strategic objectives
• Ensures the group’s unique culture is embedded and perpetuated
• Develops and supports the growth of all the groups’ businesses
• Monitors and manages the day-to-day operational requirements and administration of the group
</td><td>
• Leads and manages the group finance functions
• Provides the board with updates on the group’s financial performance
• Provides strategic and financial guidance to ensure that the group's financial commitments are met
• Submits reports, financial statements and consolidated budgets for consideration by the board
• Oversees the financial management of the group including financial planning, capital, cash flow and management reporting
• Develops all necessary policies and procedures to ensure the sound financial management and control of the group's business
</td></tr>
</table>

Senior independent director	Non-executive director	Company secretary
• Addresses any concerns or questions from shareholders and non-executive directors • Provides a sounding board to the chairman • Leads the board in the assessment of the effectiveness of the chairman, and the relationship between the chairman and the CEO • Acts as a trusted intermediary for non-executive directors, if required, to assist them in challenging and contributing effectively to the board	• Brings unique perspectives to the boardroom to facilitate constructive dialogue on proposals • Constructively challenges and contributes to assist in developing the group's strategy • Monitors the performance of management against their agreed strategic goals • Oversees the effectiveness of internal controls and the integrity of financial reporting • Reviews succession planning for the board and management • Oversees the risk management framework • Oversees the remuneration of the executive directors and the group's employees	• Maintains the flow of information to the board and its committees and ensures compliance with board procedures • Minutes all board and committee meetings to record the deliberations and decisions taken therein • Provides expertise to effect board compliance with relevant legislation and regulations • Ensures good corporate governance is implemented and advises the chairman and board in that regard • Guides the directors collectively and individually on their duties, responsibilities and powers • Reports any failure on the part of the group or any individual director to comply with the articles or the relevant legislation • Ensures board procedures are followed and reviewed regularly • Ensures applicable rules and regulations for conducting the affairs of the board are complied with • Facilitates a programme for the induction and ongoing development of directors • Maintains statutory records in accordance with legal requirements • Guides the board on how its responsibilities should be properly discharged in the best interests of the organisation • Keeps abreast of, and informs, the board of current and new developments regarding corporate governance thinking and best practice

Board composition

Membership

At the date of this annual report, the board comprised three executive directors and ten non-executive directors, including the chairman. The changes to the composition of the board, which occurred during the year are as follows:

- Stephen Koseff and Bernard Kantor, who served as executive directors of the board, did not stand for re-election at the 2019 AGM, and accordingly stood down from the board with effect from 8 August 2019. Stephen continued to oversee the demerger and separate listing of Ninety One
- Subsequent to the demerger of Ninety One, Hendrik du Toit and Kim McFarland, joint CEO and executive director respectively, stepped down from the board of the group, with effect from 16 March 2020, to focus their efforts on Ninety One
- Fani Titi remains on the board, as sole CEO, and Nishlan Samujh continues as Finance Director of the group
- Ciaran Whelan, who has been acting as group head of risk, and David van der Walt, who was formerly the CEO of IBP, were appointed as executive directors with effect from 1 April 2020
- The board announced its intention to appoint Richard Wainwright, subject to regulatory approval, as an executive director
- David van der Walt stepped down as an executive director with effect from 4 June 2020
- Laurel Bowden and Cheryl Carolus, who served as non-executive directors of the board, did not stand for re-election at the 2019 AGM, and accordingly stood down from the board with effect from 8 August 2019
- Henrietta Baldock and Philisiwe Sibiya were appointed as non-executive directors of the board with effect from 9 August 2019. Henrietta was appointed a member of the DLC BRCC, and Philisiwe was appointed a member of the DLC Audit Committee and DLC BRCC
- Philip Hourquebie, an independent non-executive director of the group, was designated as the non-executive director for workforce engagement. Further information in respect of this role, and the board's engagement with our workforce may be found on pages 112 and 113.

The names of the directors during the year and at the date of this annual report, and the dates of their appointments are set out in the table on page 107.

Further information regarding the DLC Nomdac's responsibilities in respect of succession planning may be found in the DLC Nomdac report on pages 124 to 127 of volume one of the Investec group's 2020 integrated annual report.

Independence

The board considers the guidance set out in the UK Corporate Governance Code, the King IV Code, and directive 4/2018 as issued by the South African Prudential Authority, when considering the independence of members of the board.

Throughout the year ended 31 March 2020, the board was compliant with the UK Corporate Governance Code and the King IV Code, in that the majority of the board, excluding the chairman, comprise independent non-executive directors.

Open and honest dialogue is part of Investec's culture, and robust, independent challenge is a fundamental component of how the board operates. The DLC Nomdac, which has been delegated the responsibility of reviewing the directors' independence, considers all relevant circumstances, in undertaking its obligation to ensure that the directors demonstrate independence of character and judgement, and exhibit this in the boardroom by providing challenge to the executive board members.

The board, at the recommendation of the DLC Nomdac, believes that it functions effectively and that the non-executive directors are independent of management and promote the interests of stakeholders. The proportion of executive and non-executive directors is such that there is a clear division of responsibility to ensure a balance of power, such that no individual or group can dominate the board's processes or have unfettered powers of decision-making.

The board is of the view that the chairman, Perry Crosthwaite, was independent on appointment. In accordance with the South African Prudential Authority's Directive 4/2018, the board, noting that Perry, who has served on the board for a period of greater than nine years, would not meet the Prudential Authority's definition of independence, sought permission from the Prudential Authority for Perry to remain as the chairman of the board. This is because the board believes that Perry continues to demonstrate objective judgement and promotes constructive challenge amongst the members of the board in addition to supporting the succession plan for the board and the leadership team, following the recent management transition from a founder led organisation to an era of professional management. The Prudential Authority, recognising the justification provided by the board and acknowledging the additional layer of independence provided by the senior independent director (SID), Zarina Bassa, provided approval for Perry to continue to serve as chairman of the board and the DLC Nomdac until 31 August 2022. The board also notes provision 15 of the UK Corporate Governance Code, which provides that the chair should not remain in post beyond nine years from the date of their first appointment. As identified, the board believes that the continued appointment of the chairman, Perry, who was appointed to the board in June 2010, will support the succession plan for the board and the leadership team. The board will continue to review his appointment, with an assessment of the chairman's independence to be conducted on an annual basis.

The deliberation on the independence of the non-executive directors by the board, and DLC Nomdac, included the consideration of the following relationships and associations in regards to these specific directors:

- Ian Kantor is the brother of Bernard Kantor, a former executive director of the group. Ian is also a co-founder and former CEO of the group. Accordingly, the board concluded that Ian could not be considered independent. Ian will not stand for re-election at the 2020 AGM
- Charles Jacobs is the chairman of Linklaters LLP (Linklaters). Linklaters is currently one of Investec's UK legal advisors. The board concluded that, notwithstanding this link, Charles retains independence of judgement. Charles does not form part of the Linklaters team that provides advice to Investec and he has not provided advice to Investec for over a decade. In addition, the selection of legal advisors is not a board matter and is decided at a management level. If any decision were to be made at the board level regarding Linklaters, which has not happened to date, Charles would recuse himself in accordance with the provisions of the relevant Companies Act relating to directors' interests.

Tenure

As identified, the DLC Nomdac considers the guidance set out in the UK Corporate Governance Code, the King IV Code and directive 4/2018, as issued by the South African Prudential Authority, when considering the independence of the non-executive directors, and follows a thorough process of assessing independence on an annual basis for each director. The DLC Nomdac considers tenure when examining independence, and when discussing the composition of the board as a whole. The board and the DLC Nomdac are mindful that there needs to be a balance resulting from the benefits brought by new independent directors, *versus* retaining individuals with the appropriate skills, knowledge and experience, and an understanding of Investec's unique culture.

The board does not believe that the tenure of any of the identified independent non-executive directors standing for election or re-election at the annual general meeting in August 2020 interferes with their independence of judgement or their ability to act in the group's best interest.

Diversity

In considering the composition of the board, the board is mindful of all aspects of diversity, including gender, race, ethnicity, religion, age, disability, nationality, political opinion, sensitive medical conditions or sexual preference.

Investec embraces differences as a strength within the group. Having a diverse board is a clear benefit, bringing with it distinct and alternative viewpoints, and mindsets able to challenge the status quo. The board is committed to ensuring that the group meets its governance, social and regulatory obligations regarding diversity. We have a board diversity policy, setting out the targets for board composition in terms of gender and race.

The board, cognisant of the Hampton-Alexander Review, set a target of 33% female representation on the board by the end of the 2020 calendar year. As at the date of this report, there was a 23% representation of women on the board. The board remains committed to the target of 33%. The board recognises that more needs to be done to increase the representation of women on the board. Female representation declined in the year, following Kim McFarland stepping down and onto the board of Ninety One (as a result of the demerger of Investec Asset Management). The group has been through significant change over recent years, with the succession of its founder members in October 2018 and the demerger and separate listing of Ninety One in March 2020. As such the DLC Nomdac, to which the board has delegated responsibility for the consideration of the succession plan of the board and the appointment process for the board, believes the new appointments ensure a strong level of continuity and significant internal experience on the board. The DLC Nomdac continues to ensure that appointments and the board's succession plan is based on merit and with regard to objective criteria and, within this context, promote diversity in its broadest sense, including diversity of gender, social and ethnic background, and diversity of thought.

The board also intends to ensure that a minimum of 25% of the board members of Investec Limited and Investec plc who are ordinarily resident in South Africa (and having been naturalised prior to 1994) are black women as defined in South African legislation, and that 50% of the board members of Investec Limited and Investec plc who are ordinarily resident in South Africa (and having been naturalised prior to 1994) are black people as defined in the Financial Sector Code or similar legislation that may be in force in South Africa from time to time.

Skills, knowledge and experience

The board considers that the skills, knowledge and experience of the directors as a whole are appropriate for their responsibilities, and the objectives of the group.

The members of the board have a broad range of skills and experience, including in the areas of banking, risk and capital management, commercial, financial, auditing, accounting, legal and technology.

Induction, training and development

On appointment to the board, all directors receive a comprehensive induction which is tailored to the new director's individual requirements. The induction schedule is designed to provide the new director with an understanding of how the group works and the key issues that it faces. The company secretaries consult the chairman when designing an induction schedule, giving consideration to the particular needs of the new director. When a director is joining a board committee, the schedule includes an induction to the operations of that committee.

On completion of the induction programme, the director is equipped with sufficient knowledge and understanding of the nature of the business, and the opportunities and challenges facing the group, including the key risks, to enable them to effectively contribute to strategic discussions and oversight of the group.

The chairman leads the training and development of directors and the board generally.

A comprehensive development programme is in place throughout the year, and comprises both formal and informal training and information sessions.

Terms of appointment

On appointment, non-executive directors are provided with a letter of appointment. The letter sets out, among other things, duties, responsibilities and expected time commitments, details of the group's policy on obtaining independent advice and, where appropriate, details of the board committees of which the non-executive director will be a member.

The group has a directors' and officers' liability insurance policy that insures directors against liabilities they may incur in the proper performance of their duties.

On the recommendation of the DLC Nomdac, non-executive directors will be appointed for an expected term of nine years (three terms of three years each) from the date of their first appointment to the board.

All executive directors are engaged on standalone employment contracts, subject to six-month notice periods.

In accordance with the UK Corporate Governance Code, all of the directors retire on an annual basis and those willing to serve again submit themselves for election or re-election at the annual general meeting.

Independent advice

Through the chairman, the SID or the company secretaries, individual directors are entitled to seek professional independent advice on matters related to the exercise of their duties and responsibilities at the expense of the group. No such advice was sought during the 2020 financial year.

Conflicts of interest

Directors have a responsibility to avoid situations that put, or may be perceived to put, their personal interest in conflict with their duties to the group. The conflicts of interest policy and the board charter require directors to declare any actual or potential conflict of interest immediately when they become aware of such situations. Each director must submit a “declaration of interest” form outlining other directorships and personal financial interests, including those of related parties. Where actual or potential conflicts are declared, the recusal procedure is implemented, and affected directors are excluded from those specific discussions and any decisions on the subject matter of the declared conflict.

Actual and potential conflicts of interest are considered in the annual assessment of director independence.

Related parties

The group has processes and policies in place to govern the review, approval and disclosure of related party transactions entered into with directors, management and staff. The DLC Nomdac updated the policy and reviewed key related party transactions during the year ensuring that the appropriate policies had been complied with.

Conduct and Ethics

The board is committed to the highest standards of integrity and ethical behaviour. The board appreciates the importance of ethics and its contribution to value creation and is dedicated to instilling ethical values throughout the group. The board recognises that ethics begin with each individual director’s conduct, which if appropriate, will in turn have a positive impact on conduct in the group. Management is responsible for embedding ethical conduct in the organisation which is overseen by the DLC SEC.

Company secretaries

David Miller is the company secretary of Investec plc and Niki van Wyk is the company secretary of Investec Limited. The company secretaries are professionally qualified and have gained experience over many years. Their services are evaluated by board members during the annual board evaluation process. They are responsible for the flow of information to the board and its committees and for ensuring compliance with board procedures. All directors have access to the advice and services of the company secretaries whose appointment and removal are a board matter.

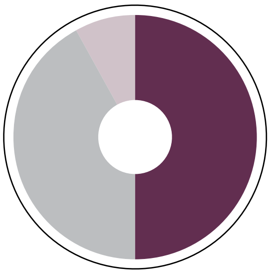
In compliance with the UK Corporate Governance Code, the UK Companies Act, the King IV Code, the South African Companies Act and the JSE Listings Requirements, the board has considered and is satisfied that each of the company secretaries is competent, and has the relevant qualifications and experience.

Diversity as at 31 March 2020

Age:

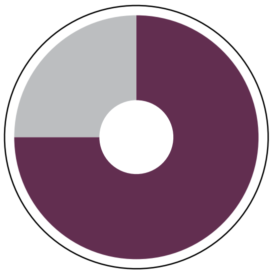
40 – 50	**33%**
51 – 60	**25%**
61 and above	**42%**

Board geographical mix



50%	South Africa
42%	UK
8%	Other

Board gender balance



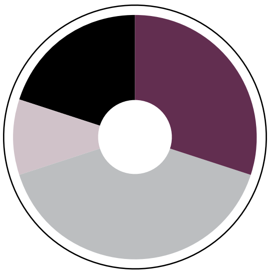
75%	Male
25%	Female

Tenure as at 31 March 2020

Average length of service for non-executive directors (years):

5

Average tenure for the non-executive directors



30%	0 – 3 years
40%	3 – 6 years
10%	6 – 9 years
20%	9 years plus

What we did

Board report

Role and responsibilities

The board seeks to exercise leadership, integrity and judgement in pursuit of the group's strategic goals and objectives to achieve long-term sustainability and growth. The board is accountable for the performance and affairs of the group. It provides leadership for the group within a framework of prudent and effective controls which allows risks to be assessed and managed.

In fulfilling this objective, the board is responsible for:

- approving the group's strategy
- acting as a focal point for, and as custodian of, corporate governance
- providing effective leadership with an ethical foundation
- ensuring the group is a responsible corporate citizen
- being responsible for the governance of risk, including risks associated with information technology
- ensuring the group complies with applicable laws and considers adherence to non-binding rules and standards
- monitoring performance
- ensuring succession planning is in place

Certain matters are specifically reserved for the board. To achieve its objectives, the board may delegate certain duties to various board committees, group forums or the chief executive officer, without abdicating its own responsibilities. The board has developed a board charter, which serves as the foundation for Investec's governance principles and practices. The charter:

- outlines the board committees' mandates and specifies which matters are reserved for the board
- defines separate roles for the group chairman and CEO
- dictates the board's expectations of the directors, chairmen of the respective board committees and the senior independent director
- sets out how the corporate governance provisions in the UK Corporate Governance Code, UK Companies Act, King IV Code, the South African Companies Act, the South African Banks Act and the JSE Listings Requirements will be put in place

Composition and meetings

The board meets at least six times annually, excluding the annual board strategy session. A separate Investec Limited board meeting was held in South Africa and a separate Investec plc board meeting was held in the UK. For the period 1 April 2019 to 31 March 2020, three board meetings were held in the UK and three in South Africa, in line with the requirements of Investec's DLC structure. Unscheduled meetings are called as the need arises. Further to the additional meetings held to address the demerger of the Asset Management business, the board had additional unscheduled meetings where it received regular updates and deliberated on the impact of COVID-19. Comprehensive information packs, on matters to be considered by the board, are provided to directors in advance of the meetings.

The board recognises that a balanced board is vital for sustainable value creation. The board composition is both qualitatively and quantitatively balanced in terms of skills, demographics, gender, nationality, experience, tenure and independence.

Attendance is an important factor in the board's ability to discharge its duties and responsibilities and care is taken in preparing the board calendar to enable meeting attendance. If a director is unable to attend a meeting, an apology is recorded, and if possible, the director makes a written or oral contribution ahead of the meeting.

Board composition as at 31 March 2020

		Board member since		Investec plc (10 meetings in the year)		Investec Limited (10 meetings in the year)	
Members	**Independent**	Investec plc	Investec Limited	Eligible to attend	Attended	Eligible to attend	Attended
PKO Crosthwaite (chairman)	On appointment	18-Jun-10	18-Jun-10	10	10	10	10
F Titi (CEO)	Executive	30-Jan-04	30-Jan-04	10	10	10	10
HC Baldock*	Yes	9-Aug-19	9-Aug-19	7	7	7	7
ZBM Bassa	Yes	1-Nov-14	1-Nov-14	10	10	10	10
D Friedland	Yes	1-Mar-13	1-Mar-13	10	10	10	10
PA Hourquebie	Yes	14-Aug-17	14-Aug-17	10	10	10	10
CR Jacobs	Yes	8-Aug-14	8-Aug-14	10	9	10	9
IR Kantor	No	26-Jun-02	30-Jul-80	10	9	10	9
Lord Malloch-Brown KCMG	Yes	8-Aug-14	8-Aug-14	10	10	10	10
NA Samujh**	Executive	1-Apr-19	1-Apr-19	10	10	10	10
PG Sibiya*	Yes	9-Aug-19	9-Aug-19	7	7	7	7
KL Shuenyane	Yes	8-Aug-14	8-Aug-14	10	10	10	10
Former directors							
LC Bowden***	Yes	1-Jan-15	1-Jan-15	3	3	3	3
CA Carolus***	Yes	18-Mar-05	18-Mar-05	3	3	3	3
B Kantor***	Executive	19-Mar-02	8-Jun-87	3	2	3	2
S Koseff***	Executive	26-Jun-02	6-Oct-86	3	3	3	3
KM McFarland****	Executive	1-Oct-18	1-Oct-18	9	9	9	9
HJ du Toit*****	Executive	15-Dec-10	15-Dec-10	9	9	9	9

* *HC Baldock and PG Sibiya were appointed to the board on 9 August 2019*
** *NA Samujh was appointed as group finance director on 1 April 2019*
*** *LC Bowden, CA Carolus, B Kantor and S Koseff stepped down from the board on 8 August 2019*
**** *KM McFarland stepped down from the board on 16 March 2020*
***** *HJ du Toit stepped down as joint group CEO on 16 March 2020*
^ *Where a director is unable to attend a meeting, they receive papers in advance and have the opportunity to provide comments to the chairman of the board.*

Key matters deliberated by our board

In addition to the standard and regular agenda items, such as report-backs from each board committee and comprehensive reports from the CEO, the following specific matters of importance were tabled and deliberated at board meetings and directors' development sessions during the year ended 31 March 2020:

BOARD AND COMMITTEE ACTIVITIES

Areas of focus	*What we did*
Group strategy	• considered and approved the strategy to demerge the Asset Management business, now Ninety One plc, from the group • formulated and monitored the implementation of strategy, including progress made with regard to agreed strategic initiatives • considered climate related issues when reviewing and guiding strategy • provided constructive challenge to management • considered global trends shaping the financial industry • considered the impact of economic and political developments in the UK and South Africa • oversaw the changes in management as announced in the preceding and current financial year • deliberated on the impact of the COVID-19 pandemic
Risk and capital, audit, corporate governance and compliance	• received and reviewed compliance reports in order to confirm that the group meets all internal and regulatory requirements • discussed and approved the risk appetite framework • regularly assessed the group's overall risk profile and emerging risk themes, receiving reports directly from management and the chairman of the DLC BRCC • received and reviewed reports on the group's operational and technological capability, including specific updates on cyber risk capability and the strategy for technology and infrastructure services • received reports in respect of specific risks monitored within the group including updates in respect of General Data Protection Regulation (GDPR), the Advanced Internal Ratings Based (AIRB) approach, the Foundation Internal Ratings Based (FIRB) approach and International Financial Reporting Standards (IFRS) 9, 15 and 16 • deliberated on the risks associated with the COVID-19 pandemic • considered the impact of the King IV Code, the JSE Listings Requirements and the UK Corporate Governance Code, and changes thereto • adopted the group Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) Policy • received an update from the company sponsor on changes to the JSE Listings Requirements • approved the Recovery and Resolution Plans for the UK and South Africa • considered and approved the conflicts of interest policy • reviewed the IBP and IBL revised corporate governance structures • considered auditor independence, monitoring of audit quality and related parties' activities, appointment of auditors and mandatory rotation of auditors • considered matters pertaining to service providers implicated in state capture in South Africa • reviewed the group's exposure to state-owned entities and related risk appetite • considered the implications of Brexit on the group and specifically on Investec plc • received reports on conduct • oversaw the integrity of the annual financial statements • reviewed and discussed assumptions underlying the recoverability of key exposures and investments including the impacts of IFRS 9 scenarios, probabilities and weightings
Leadership	• considered regular updates by the various committees including the DLC Remuneration Committee, DLC Nomdac, DLC Audit Committee, DLC SEC and DLC BRCC • received and considered comprehensive reports from the executive directors (including strategy execution and performance of the group within the operating environment and competitor landscape) • ensured that policies and behaviours/tone set at board level were effectively communicated and implemented across the group

Areas of focus	What we did
Effectiveness	• considered the process for the 2019/2020 board effectiveness review • discussed the recommendations of the board effectiveness review • implemented the recommendations of the board effectiveness review • finalised topics for directors' development sessions
Remuneration	• received a report from the DLC Remuneration Committee chairman at each meeting including regulatory developments pertaining to remuneration • further to the transition of leadership, considered remuneration arrangements for both the incoming and outgoing executive directors • received updates from the DLC Remuneration Committee, in respect of the evolving response to executive and non-executive remuneration, in light of COVID-19 • oversaw the implementation of the remuneration policy • considered the UK Gender Pay Gap report
Relations with stakeholders	• in order to ensure satisfactory dialogue with stakeholders, and to foster strong and open relationships with regulators, the board noted and discussed the key areas of feedback from these stakeholders, including feedback relating to: – board refreshment and succession – succession planning for the executive directors and senior management – remuneration of executive directors and non-executive directors – regular meetings and open dialogue with regulators – engagement with the Registrar of Banks, UK Prudential Regulatory Authority and the South African Prudential Authority – the group's contribution to the political economy – reports on allegations of widespread public and private sector corruption in South Africa, and its impact on the group's clients and service providers – improving returns across the business – the extensive processes to monitor the external auditors and audit quality, and plans in respect of Mandatory Auditor Firm Rotation
Corporate citizenship	• discussed and monitored the various elements of good corporate citizenship including: – climate related risk and opportunities – environmental, social and governance (ESG) issues within our operations and within our business – the promotion of equality, the prevention of unfair discrimination and the reduction of corruption – sponsorships, charitable donations and charitable giving – environmental, health and public safety, including the impact of the group's activities and of its products and services – consumer relationships including the group's advertising, public relations and compliance with consumer protection laws – labour and employment including the group's standing in terms of the international labour organisation protocol on decent work and working conditions, employment relationships and its contribution towards the educational development of its employees – the group's standing and commitment to the various elements of good corporate citizenship remained in place and was actively enforced – the promotion of the role Investec plays in society, including contributions by directors and staff to the Solidarity Fund in South Africa, in response to the COVID-19 pandemic – the board's oversight of the group's culture – material concerns, if any, raised by employees or former employees

Areas of focus	What we did
Board committee composition and succession planning	• considered and confirmed the independence of the non-executive directors having regard to factors that might impact their independence • discussed succession planning including an update on senior management succession • received reports on the composition of the boards of the group's key subsidiaries • deliberated on reports on suggested changes to the group's governance arrangements • considered reports on suggested changes to IBP's governance arrangements • considered reports on suggested changes to IBL's governance arrangements • received reports from the DLC Nomdac at each meeting covering the matters within its delegated authority for review and consideration
Financial results, liquidity, solvency and viability statement	• considered, reviewed and approved the financial results for the year ended 31 March 2020 for Investec plc and Investec Limited • considered, reviewed and approved the financial results for the half year ended 30 September 2019 for Investec plc and Investec Limited • assessed, confirmed and satisfied itself of the group's viability (i.e. its ability to continue in operation and meet its liabilities considering the current position of the group, the board's assessment of the group's prospects and the principal risks it faces) • approved the group's viability statement • assessed, confirmed and satisfied itself, on the recommendation of the DLC Audit Committee, that it was appropriate for the financial statements to be prepared on a going concern basis • considered, reviewed and approved, on the recommendation of the DLC Audit Committee, that the annual report and the financial statements for the financial year ended 31 March 2020 were fair, balanced and understandable • confirmed that the group was liquid and that the solvency and liquidity test has been satisfied (i.e. a company satisfies the solvency and liquidity test at a particular time if, considering all reasonably foreseeable financial circumstances at that time: the assets of the company, as fairly valued, equal or exceed the liabilities of the company, as fairly valued; and it appears that the company will be able to pay its debts as they become due in the ordinary course of business for a period of: – 12 months after date on which the test is considered; or – in the case of a dividend, 12 months following the distribution) • confirmed that adequate resources existed to support the group on a going concern basis and accordingly adopted the going concern basis • considered the impact of COVID-19 • considered and approved the capital plans
Management succession	• considered matters relating to board succession and approved appointments to the board and board committees • maintained oversight of the continued orderly transition from the founding members to the new management in accordance with the approved succession plan
Terms of reference and policies	• reviewed and received regular updates in respect of the various committees' terms and references and policies within the group

How we comply

Regulatory context

The group operates under a dual listed companies (DLC) structure which requires compliance with the principles contained in the South African King IV Code of Corporate Governance Principle (available at www.iodsa.co.za) and the UK Corporate Governance Code 2018 (available at www.frc.org.uk).

We believe that sound corporate governance depends on much more than mere compliance with regulations. Good conduct and ethical practice is embedded in everything that we do at Investec. By acting in accordance with our values and principles, we believe that good governance is ensured.

Details of our compliance with certain corporate governance principles and regulatory matters are provided below. For further information in this regards, please refer to pages 143 to 147, for the directors' responsibility statement and directors' report.

Statement of compliance

King IV

The board has applied the King IV Code throughout the group and is satisfied that King IV has been complied with.

UK Corporate Governance Code

The UK Corporate Governance Code 2018 (the code) applied to the group for the financial year ended 31 March 2020. The group confirms that it applied the principles and complied with all the provisions of the code throughout the year, except in relation to provision 19 that provides that the chair should not remain in post beyond nine years from the date of their first appointment to the board. The board believe that the continued appointment of the chairman, Perry Crosthwaite, who was appointed to the board in June 2010, will support the succession plan for the board and the leadership team. Please refer to page 100 for a more detailed explanation of the board's view as to the independence of the chairman.

This page and the [following page] explain how we have applied the principles and the related provisions of the code during the year. The alphabetical references in the paragraphs below correspond to the principles, and related provisions, of the code.

1. Board leadership and company purpose

A.

The group is led by an effective, entrepreneurial board, which is collectively responsible for the long-term sustainable success of the group, ensuring due regard is paid to the interests of the group's stakeholders . Please refer to page 99 for the details of the group's governance framework, and pages 95 to 98 for the directors' biographies.

B.

The board assumes responsibility for establishing the purpose of the group, setting its strategy, establishing its culture and determining the values to be observed in achieving the strategy. Please refer to pages 106 to 110 for further details.

C.

The board retains ultimate responsibility for ensuring adequate resources are available to meet agreed objectives and strategy, and ensures such resources are responsibly and effectively deployed. The board has established a risk management framework, as detailed on pages 12 to 90 of volume one of the Investec group's 2020 integrated annual report.

D.

The board recognises that engaging with and acting on the needs of the group's stakeholders is key to achieving the strategy and long-term objectives of the group. Engagement with stakeholders, across the organisation, including that of the board, is discussed further on pages 22 to 26, and in the directors' statement of compliance with their duties under section 172 of the UK Companies Act 2006 on pages 21 to 25

E.

All policy and practice relating to our people is developed and implemented in a manner which is consistent with the group's purpose and values, with the board receiving regular updates on matters relevant to our people. Responsibility for whistleblowing arrangements sits with the subsidiary audit committees of the group, in accordance with their regulatory obligations.

2. Division of responsibilities

F.

The chairman has overall responsibility for the leadership of the board and for ensuring its effectiveness in all aspects of its operations. The chairman, Perry Crosthwaite, was considered to be independent on appointment. The responsibilities of the chairman are set out on page 100.

G.

There is a clear division of responsibility at the head of the company. There is a clear separation between the role of the chairman and the CEO. Please refer to page 100 for the details of the respective board roles.

H.

Non-executive directors are advised of time commitments prior to their appointment and they are required to devote such time as necessary to discharge their duties effectively. The time commitments of the directors are considered by the board on appointment and the board is satisfied that there are no directors whose time commitments are considered to be a matter for concern. External appointments, which may affect existing time commitments for the board's business, must be agreed with the chairman, and prior approval must be obtained before taking on any new external appointments. More information on directors' attendance at board and committee meetings can be found on page 107.

I.

The chairman, supported by the company secretaries, ensures that board members receive appropriate and timely information. The group provides access, at its expense, to the services of independent professional advisers in order to assist directors in their role. Board committees are also provided with sufficient resources to discharge their duties. All directors have access to the services of the company secretaries in relation to the discharge of their duties.

3. Composition, succession and evaluation

J.

The process for appointments to the board are led by the DLC Nomdac, which makes recommendations to the board. More details about succession planning and the work of the DLC Nomdac can be found on pages 124 to 127 of volume one of the Investec group's 2020 integrated report.

K.

The DLC Nomdac reviews the balance of skills, experience, independence, and knowledge on the board and board committees on an annual basis, or whenever appointments are considered. Having the right balance on the board and board committees helps to ensure that those bodies discharge their respective duties and responsibilities effectively. For the financial year ended 31 March 2020, the board, at the recommendation of the DLC Nomdac, concluded that the skills, knowledge and experience of the directors as a whole was appropriate for their responsibilities and the group's activities, as shown on page 126 of volume one of the Investec group's 2020 integrated annual report.

The DLC Nomdac monitors, in particular, whether there are any relationships or circumstances which may impact a director's independence. For the financial year ended 31 March 2020, the board, at the recommendation of the DLC Nomdac, concluded that the majority of the non-executive directors are independent in character and judgement, as shown on page 102. As identified on page 102, the board concluded that Ian Kantor, founder, former CEO of the group, and brother of former executive director Bernard Kantor, could not be considered to be independent under the code.

L.

The evaluation of the board is externally facilitated at least every three years. An internally facilitated board evaluation was completed in 2019, with an externally facilitated evaluation having taken place in 2018. Individual evaluation is carried out by the chairman on behalf of the board. Performance evaluation of the chairman is carried out by the non-executive directors, led by the SID. Further information can be found on the board effectiveness review can be found on page 127 of volume one of the Investec group's 2020 integrated annual report.

4. Audit, risk and internal control

M.

The board has delegated a number of responsibilities to the audit committee, including oversight of financial reporting processes, the effectiveness of internal controls and the risk management framework, and the work undertaken by the external and internal auditors. The audit committee report which can be found on pages 132 to 142 of volume one of the Investec group's 2020 integrated annual report, sets out how the committee has discharged its duties and areas of focus during the year.

N.

The code requirement that the annual report is fair, balanced and understandable is considered throughout the drafting and reviewing process and the board has concluded that the 2020 annual report is fair, balanced and understandable. The directors' and auditors' statements of responsibility can be found on page 147 and page 34 of volume three of the Investec group's 2020 integrated annual report respectively. Information on the group's business model and strategy can be found on pages 6 to 9.

O.

The board is responsible for the group's risk management and internal controls systems; see page 139 of volume one of the Investec group's 2020 integrated annual report for more detail regarding internal control.

The audit committee is responsible for the effectiveness of internal controls and the Risk Management Framework. Further information can be found on pages 143 to 147 of volume one of the Investec group's 2020 integrated annual report.

The DLC BRCC is responsible for the review of the risk culture of the group, setting the tone from the top in respect of risk management. Further information can be found on pages 143 to 147 of volume one of the Investec group's 2020 integrated annual report.

The directors' viability statement and confirmation that the business is a going concern can be found on page 113.

5. Remuneration

P.

The group is committed to offering all employees a reward package that is competitive, performance-driven and fair and the group's remuneration policy statement is designed to promote the long-term success of Investec. The directors' remuneration report on pages 179 to 237 of volume one of the Investec group's 2020 integrated annual report provides full details regarding the remuneration of directors.

Q.

The DLC remuneration committee seeks to ensure all remuneration policy, including that relevant to executive remuneration, is fair and transparent. The work of the DLC remuneration committee during the year, including its review of the Remuneration Policy, is discussed further in its report on pages 179 to 237 of volume one of the Investec group's 2020 integrated annual report.

R.

The Remuneration Policy seeks to ensure all remuneration decisions made by directors fully consider the wider circumstances as relevant to that decision, including, but not limited to, individual performance. The DLC remuneration committee's decision making in respect of remuneration outcomes is discussed further in the directors' remuneration report on pages 179 to 237 of volume one of the Investec group's 2020 integrated annual report which includes additional confirmation of the use of remuneration consultants, including where any such consultant has another connection to the group.

Other statutory information

Workforce engagement

The DLC Nomdac considered how the board would further engage with our people, following the publication of the Companies (Miscellaneous Reporting) Regulations 2018, and made a recommendation to the board as to the appropriate method. The board agreed, noting the recommended methods for workforce engagement provided by the UK Corporate Governance Code, that a designated non-executive director be appointed to support the directors' engagement with our people.

Recognising the independent governance structures within the group, it was determined that a designated non-executive director be appointed from the Investec group board, Philip Hourquebie, the IBP board, Moni Mannings, and the Wealth & Investment board, Cath Thorpe, to ensure that each of the respective boards were made aware of the views expressed by our people.

The board identified the current engagement activities, which include culture dialogues, diversity and inclusion programmes, well-being programmes, talent programmes, country and site visits, town halls, and question and answer sessions. Enhancements to these existing engagement activities were agreed to provide the opportunity for feedback, themes and viewpoints to be brought to the attention of the board for discussion and to encourage dialogue between the board and our people.

A quarterly workforce engagement synthesis meeting was established, with management and the designated non-executive directors in attendance, to process in detail the quantitative and qualitative data relevant to workforce engagement. Management subsequently report to their respective boards on the engagement activities, with the designated non-executive director highlighting the matters of interest from our people to support the key decision making of their respective boards. The board utilised the matters of interest to our people to inform its discussions and decision making, in particular, in respect of the decisions taken as to office working conditions, flexible working and our working from home policy. The board, recognising the changes required as a result of COVID-19, also adapted the manner in which it engaged with the workforce, to provide for increased virtual engagement opportunities, to ensure that the board remained connected and engaged with our people whilst the majority of the workforce worked from home.

Viability statement

In accordance with the UK Corporate Governance Code, in addition to providing a going concern statement, the board is required to make a statement with respect to the group's viability (i.e. its ability to continue in operation and meet its liabilities) taking into account the current position of the group, the board's assessment of the group's prospects and the principal risks it faces. Following confirmation by the DLC BRCC (comprising a majority of non-executive directors, which includes members of the audit committees) the audit committees recommended the viability statement for board approval.

The board has identified the principal and emerging risks facing the group and these are highlighted on pages 30 to 37 of volume one of the Investec group's 2020 integrated report.

Through its various sub-committees, notably the audit committees, the DLC BRCC and the capital committees, the board regularly carries out a robust assessment of these risks, and their potential impact on the performance, liquidity, solvency and operational resilience of the group. The activities of these board sub-committees and the issues considered by them are described in the governance section of this report.

Taking these risks into account, together with the group's strategic objectives and the prevailing market environment, the board approved the overall mandated risk appetite frameworks for Investec plc and Investec Limited. The risk appetite frameworks set broad parameters relating to the board's expectations around performance, business stability and risk management.

The board considers that prudential risk management is paramount in all it does. Protection of depositors, customers' interests, capital adequacy and shareholder returns are key drivers. To manage the group's risk appetite there are a number of detailed policy statements and governance structures in place. The board ensures that there are appropriate resources in place to manage the risks arising from running our business by having independent Risk Management, Compliance, and Financial Control functions. These are supplemented by an Internal Audit function that reports independently to a non-executive audit committee chairman.

The board believes that the risk management systems and processes we have in place are adequate to support the group's strategy and allow the group to operate within its risk appetite framework. A review of the group's performance/measurement against its risk appetite framework is provided at each DLC BRCC meeting and at the main board meetings.

In terms of the South African Prudential Authority (South African PA), the FCA and PRA requirements, the group is also required to meet regulatory standards with respect to capital and liquidity. In terms of these requirements, the group is required to stress its capital and liquidity positions under a number of severe stress conditions. Investec's stress testing framework is well embedded in its operations and is designed to identify and regularly test the group's key 'vulnerabilities under stress'.

Liquidity stress testing is performed for a range of scenarios, each representing a different set of assumptions. These include market wide, firm specific, and combined scenarios (combination of the market wide and firm specific stresses). The group manages its liquidity risk appetite in relation to combined stress parameters which represent extreme but plausible circumstances. The objective is to have sufficient liquidity under a combined stress scenario to continue to operate for a minimum period as detailed in the board-approved risk appetite. In addition to these stress scenarios, the group's risk appetite also requires it to maintain specified minimum levels for both the liquidity coverage ratio and net stable funding ratio, greater than those required by the regulators; a minimum cash and near cash to customer deposit ratio of 25%; and to maintain low reliance on wholesale funding to fund core asset growth. Each banking entity within the group is required to be fully self-funded. The group currently has £12.7 billion in cash and near cash assets, representing 39.4% of customer deposits.

The group develops annual capital plans that look forward over a three-year period. These plans are designed to assess the capital adequacy of the group's respective banking entities under a range of economic and internal conditions, with the impact on earnings, asset growth, risk appetite and liquidity considered. The output of capital planning allows senior management and the board to make decisions to ensure that the group continues to hold sufficient capital to meet internal and regulatory capital targets over the medium term (i.e. three years). The group targets a minimum capital adequacy ratio of 14% to 17%, a tier 1 ratio greater than 11%, a common equity tier 1 ratio in excess of 10% and a leverage ratio in excess of 6% for each of its banking entities.

The parameters used in the capital and liquidity stresses are reviewed regularly, taking into account changes in the business environments and inputs from business units. A detailed 'bottom-up' analysis is paired with macro-economic downside risks to design Investec-specific stress scenarios.

For 2020, given the developments in relation to the COVID-19 pandemic, specific consideration was given to the potential risks associated with COVID-19 and scenarios were developed in order to incorporate the potential impact.

As the group's banking entities are regulated separately and ring-fenced from one another, different stress scenarios apply across the respective banking entities and jurisdictions.

Investec Limited:

- Base case: The base case scenario incorporates a temporary sharp global recession from the COVID-19 pandemic, low interest rates and severe depreciation of the Rand. Eventually sufficient global and domestic monetary and other policy measures support growth and risk sentiment stabilises, with no further South African sovereign credit rating downgrades.
- Down case: A scenario which incorporates a temporary sharp global recession from the COVID-19 pandemic, but with a more severe recession in the South African economy than incorporated in the base case following a prolonged COVID-19 impact, depressed business confidence and further credit rating downgrades from all three rating agencies to a B credit rating.
- Severe down case: A scenario where there is a lengthy global recession due to COVID-19, a global financial crisis and South Africa's credit rating is downgraded by all three rating agencies towards C credit ratings.

Investec plc:

- Base case: The base case COVID-19 narrative assumes a short, sharp shock to the UK economy resulting from the social containment measures as both demand and supply are severely curtailed. By the third quarter the UK begins to emerge from the shutdowns with facilities reopening in a staggered manner, and by the fourth quarter a degree of normality returns to the UK.
- Down case: The down case narrative assumes an L-shaped scenario, which encompasses a weaker economic recovery compared to the base case, as the easing of the lockdown happens at a slower pace. A more durable long-term economic recovery is undermined by more permanent scarring on the economy, with elevated unemployment and weak investment as firms attempt to rebuild depleted cash reserves.

The group also typically incorporates the South African PA biennial and Bank of England (BoE) annual cyclical stress scenarios into its capital processes. The South African PA scenarios were not required to be run in the 2020 year and the BoE cancelled the 2020 Annual Cyclical Stress (ACS) scenario. Accordingly the group has not run these scenarios for the 2020 capital stress testing process.

The board has assessed the group's viability in its 'base case' and stress scenarios. In assessing the group's viability, a number of assumptions are built into its capital and liquidity plans. In the stress scenarios these include, for example, foregoing or reducing dividend payments and asset growth being curtailed. As noted on page 20, in light of regulatory guidance provided to banks in both South Africa and the UK, the board decided not to declare a final ordinary dividend. This is a clear demonstration of actions that can be taken in periods of severe stress and uncertainty.

We also carry out 'reverse stress tests', i.e. those scenarios that would cause the group to breach its capital and liquidity requirements. These scenarios are considered unlikely, given the group's strong liquidity position and sound capital and leverage parameters.

Furthermore, the group is required to have a recovery plan for both Investec Limited and Investec plc as well as a resolution pack for Investec plc. The purpose of the recovery plans are to document how the board and senior management will ensure that the group recovers from extreme financial stress to avoid liquidity and capital difficulties in its separately regulated companies.

The group also maintains an operational resilience framework for building organisational resilience to respond effectively to operationally disruptive events. This not only ensures continuity of business but also safeguards the interests of key stakeholders, reputation, brand and value-creating activities.

The capital and liquidity plans, stress scenarios, recovery plans, resolution pack and the risk appetite statement are reviewed at least annually. In times of severe economic distress, stress scenarios are reviewed more regularly for example as is the case with COVID-19. In addition, senior management host an annual risk appetite process at which the group's risk appetite frameworks are reviewed and modified to take into account risk experience and changes in the environment. Furthermore, strategic budget processes which focus on, amongst other things, the business and competitive landscape; opportunities and challenges; financial projections – take place within each business division at least annually. A summary of these divisional budgets, together with a consolidated group budget, is presented to the board during its strategic review process early in the year.

In assessing the group's viability, the board has taken all of the abovementioned factors, documents and processes into consideration. The directors can confirm that they have a reasonable expectation that Investec will continue to operate and meet its liabilities as they fall due over the next three years. The board has used a three-year assessment period as this is aligned to the group's medium term capital plans which incorporate profitability, liquidity, leverage and capital adequacy projections and include impact assessments from a number of stress scenarios. Detailed management information therefore exists to provide senior management and the board sufficient and realistic visibility of the group's viability over the next three years to 31 March 2023.

The viability statement should be read in conjunction with the following sections in the annual report, all of which have informed the board's assessment of the group's viability:

- Pages 07 to 102 of volume one of the Investec group's 2020 integrated annual report, which shows a strategic and financial overview of the business
- Pages 30 to 37 of volume one of the Investec group's 2020 integrated annual report, which provide detail on the principal and emerging risks the group faces
- Page 11 in volume two of the Investec group's 2020 integrated annual report, which highlights information on the overall group's risk appetite
- Pages 12 to 25 in volume two of the Investec group's 2020 integrated annual report, which provide an overview of the group's approach to risk management, and the processes in place to assist the group in mitigating its principal risks
- Pages 09, 15, 59, 56 and 57 in volume two of the Investec group's 2020 integrated annual report which highlight information on the group's various stress testing processes
- Pages 58 to 62 in volume two of the Investec group's 2020 integrated annual report, which specifically focus on the group's philosophy and approach to liquidity management
- Pages 73 in volume two of the Investec group's 2020 integrated annual report, which provide detail on the recovery plans for Investec plc and Investec Limited
- Pages 77 to 82 in volume two of the Investec group's 2020 integrated annual report which explain the group's capital management framework.

This forward-looking viability statement made by the board is based on information and knowledge of the group at 16 June 2020. There could be a number of risks and uncertainties arising from (but not limited to) domestic and global economic and business conditions beyond the group's control that could cause the group's actual results, performance or achievements in the markets in which it operates to differ from those anticipated.

Conflicts of interest

Certain statutory duties with respect to directors' conflict of interest are in force under the UK Companies Act and the South African Companies Act. In accordance with these Acts and the Articles of Association (Articles) of Investec plc and the Memorandum of Incorporation (MOI) of Investec Limited, the board may authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a director to avoid a situation in which he or she has, or can have, a direct interest that conflicts, or possibly may conflict, with the interest of the company. The board has adopted a procedure, as set out in the Articles and MOI that includes a requirement for directors to submit, in writing, disclosures detailing any actual or potential conflict for consideration, and if considered appropriate, approval.

External directorships

Outside business interests of directors are closely monitored and we are satisfied that all of the directors have sufficient time to effectively discharge their duties.

Dealings in securities

Dealings in securities are subject to the personal account dealing policy. The policy is based on regulatory guidance and industry practice and is updated to ensure compliance with applicable regulations and industry best practice.

The policy is designed to discourage speculative trading and highlight potential conflicts of interest between the interest of employees and the Investec group or any of its clients, shareholders or potential shareholders. The UKLA's Disclosure Guidance and Transparency Rules require us to disclose transactions in shares and related securities by all persons discharging management responsibilities and their "connected persons". These include directors and senior executives of the group. Staff are prohibited from dealing in all listed Investec securities during closed periods. Trading is restricted in respect of all Investec Limited, Investec plc, Investec Property Fund Limited (IPF) and Investec Australia Property Fund Limited (IAPF) securities as well as any warrants, OTC and exchange traded derivatives on the said securities. Staff are restricted from exercising options through Investec Staff Share Schemes during closed periods.

The UK and South African Companies Acts require directors to disclose any direct or indirect material interest they have in contracts, including proposed contracts, which are of significance to the company's business. Directors are required to make these disclosures at board meetings, and all disclosures made are recorded in the minutes of that meeting.

Staff are required to undertake not to use any personal hedging strategies to lessen the impact of a reduction in value of any share award or any vested shares which are subject to a retention period following any vesting date. Any breach of this condition will result in the lapse of any unvested proportion of such reward, unless the DLC Remuneration Committee determines otherwise.

Directors' dealings

Directors dealings in the securities of Investec plc and Investec Limited are subject to a policy based on the Disclosure Guidance and Transparency Rules of the UKLA and the JSE Listings Requirements.

All directors' and company secretaries' dealings require the prior approval of the compliance division and the chairman, the senior independent director or the chairman of the audit committee.

All dealings of persons discharging management responsibilities require approval by line management, the compliance division and the chairman.

Related parties

Investec has processes and policies in place to govern the review, approval and disclosure of related party transactions entered into with directors, management and staff. DLC Nomdac reviewed key related party transactions during the year and ensured that the appropriate policies had been complied with. The DLC Nomdac also conducted a comprehensive review of the respective policies.

Time commitment

All potential new directors are asked to disclose their significant commitments, and to give an indication of the time spent on those commitments. The DLC Nomdac will then take this into account when considering a proposed appointment on the basis that all directors are expected to allocate sufficient time to their role on the board in order to discharge their responsibilities effectively. This includes attending, and being well-prepared for, all board and board committee meetings, as well as making time to understand the business, meet with executives and regulators, and complete ongoing training. All significant new commitments require prior approval.

Stakeholder engagement

The board recognise that effective communication is integral in building stakeholder value and are committed to providing meaningful, transparent, timely and accurate financial and nonfinancial information to our stakeholders. As part of our stakeholder engagement philosophy and process, the chairman, SID and DLC Remuneration Committee chairman actively engage with UK shareholder representative organisations and our largest shareholders on an annual basis.

At the August 2019 annual general meeting a less than 80% vote was received for the resolution in regards to:

- the re-appointment of KPMG Inc. as joint auditors of Investec Limited

The DLC Audit Committee identified audit quality as a Key Audit Matter as defined by auditing standards and accordingly spent considerable time gaining assurance in this regard and included specific additional procedures to satisfy itself regarding audit quality, audit firm transparency processes, auditor independence and objectivity and auditor rotation planning, where Investec Limited is and intends to remain compliant with the mandated requirements around Mandatory Audit Firm Rotation ("MAFR"). Regarding KPMG Inc., a number of specific additional processes both at a local and international level were implemented to ensure and confirm audit quality.

The DLC Audit Committee considered the implications of the mandatory audit firm rotation rule as issued by IRBA, the requirements of the South African Companies Act, the views expressed by shareholders, the implications of having joint auditors and the risks inherent to an audit transition. Based on this assessment, the audit Committee decided to commence the process by rotating one of the joint auditors of Investec Limited effective from the financial year commencing 1 April 2023, with the remaining firm rotating two years thereafter. A competitive tender process has commenced to appoint the audit firm to be rotated for the financial year commencing 1 April 2023.

Refer to pages 141 to 142 of volume one of the Investec group's 2020 integrated annual report for further details in regards to the DLC Audit Committee's review of the external auditors, and an update on the MAFR process.

Report to shareholders

This report to shareholders has been approved and authorised for issue to the shareholders of Investec plc and Investec Limited on 16 June 2020 and signed on its behalf by:

David Miller
Company Secretary

Investec plc

Niki van Wyk
Company Secretary

Investec Limited

Investec ordinary shares

As at 31 March 2020 Investec plc and Investec Limited had 696.1 million and 318.9 million ordinary shares in issue respectively.

Spread of ordinary shareholders as at 31 March 2020

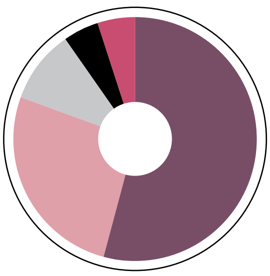
Investec plc ordinary shares in issue

Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
16 908	1 – 500	53.1%	3 217 856	0.5%
5 936	501 – 1 000	18.6%	4 502 079	0.6%
6 504	1 001 – 5 000	20.4%	14 315 620	2.1%
884	5 001 – 10 000	2.8%	6 384 874	0.9%
873	10 001 – 50 000	2.7%	19 476 489	2.8%
218	50 001 – 100 000	0.7%	15 545 064	2.2%
527	100 001 and over	1.7%	632 640 636	90.9%
31 850		**100.0%**	**696 082 618**	**100.0%**

Investec Limited ordinary shares in issue

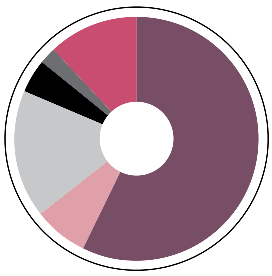
Number of shareholders	Holdings	% of total shareholders	Number of shares in issue	% of issued share capital
4 542	1 – 500	50.6%	765 022	0.2%
1 289	501 – 1 000	14.4%	984 118	0.3%
1 747	1 001 – 5 000	19.4%	3 960 714	1.2%
389	5 001 – 10 000	4.3%	2 858 726	0.9%
571	10 001 – 50 000	6.4%	13 561 448	4.3%
146	50 001 – 100 000	1.6%	10 359 094	3.3%
294	100 001 and over	3.3%	286 415 587	89.8%
8 978		**100.0%**	**318 904 709**	**100.0%**

Geographical holding by beneficial ordinary shareholder as at 31 March 2020



Investec plc

54.3%	South Africa
26.3%	UK
9.8%	USA and Canada
4.8%	Rest of Europe
0.0%	Asia
4.8%	Other countries and unknown



Investec Limited

57.3%	South Africa
7.3%	UK
16.9%	USA and Canada
4.5%	Rest of Europe
2.3%	Asia
11.7%	Other countries and unknown

Largest ordinary shareholders as at 31 March 2020

In accordance with the terms provided for in Section 793 of the UK Companies Act, 2006 and Section 56 of the South African Companies Act, 2008, the group has conducted investigations into the registered holders of its ordinary shares (including nominee and asset management companies) and the results are as disclosed below.

Investec plc

Shareholder analysis by manager group	Number of shares	% holding
1. Allan Gray (ZA)	95 219 274	13.7%
2. Prudential Portfolio Managers (ZA)	63 466 790	9.1%
3. Public Investment Corporation (ZA)	54 079 594	7.8%
4. BlackRock Inc (UK & US)	33 566 165	4.8%
5. The Vanguard Group, Inc (UK & US)	29 283 918	4.2%
6. T Rowe Price Associates (UK)	20 449 514	2.9%
7. Investec staff share scheme (UK)	20 011 416	2.9%
8. Legal & General Investment Management (UK)	15 929 479	2.3%
9. Norges Bank Investment Management (OSLO)	15 017 319	2.2%
10. Fairtree Capital (ZA)	14 822 956	2.1%
Cumulative total	**361 846 425**	**52.0%**

The top 10 shareholders account for 52.0% of the total shareholding in Investec plc. This information is based on a threshold of 20,000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Investec Limited

Shareholder analysis by manager group	Number of shares	% holding
1. Public Investment Corporation (ZA)	43 483 055	13.6%
2. Allan Gray (ZA)	32 596 675	10.2%
3. Investec Staff Share Scheme (ZA)	31 771 254	10.0%
4. BlackRock Inc (UK & US)	12 960 260	4.1%
5. Sanlam Group (ZA)	12 685 303	4.0%
6. The Vanguard Group, Inc (UK & US)	11 501 794	3.6%
7. AQR Capital Management (US)	8 946 529	2.8%
8. Laurium Capital (ZA)	6 821 535	2.1%
9. Old Mutual Investment Group (ZA)	6 550 511	2.1%
10. Dimensional Fund Advisors (UK)	6 105 115	1.9%
Cumulative total	**173 422 031**	**54.4%**

The top 10 shareholders account for 54.4% of the total shareholding in Investec Limited. This information is based on a threshold of 20,000 shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

Shareholder classification as at 31 March 2020

	Number of Investec plc shares	% holding	Number of Investec Limited shares	% holding
Public*	667 224 207	95.8%	284 881 850	89.3%
Non-public	28 858 411	4.2%	34 022 859	10.7%
Non-executive directors of Investec plc/Investec Limited	144 683	0.0%	325	0.0%
Executive directors of Investec plc/Investec Limited	8 702 312	1.3%	2 251 280	0.7%
Investec staff share schemes	20 011 416	2.9%	31 771 254	10.0%
Total	**696 082 618**	**100.0%**	**318 904 709**	**100.0%**

* *As per the JSE Listings Requirements.*

Share statistics

For the year ended	**31 March 2020**	31 March 2019
Price earnings ratio[1]	4.5	7.1
Dividend cover (times)[5]	**	2.2
Dividend yield (%)[5]	**	5.5
Earnings yield (%)[1]	22.3	14.2

Investec plc

For the year ended	**31 March 2020**	31 March 2019
Daily average volumes of share traded ('000)	2 631	1 904
Closing market price per share (Pounds)[2]	1.52	3.44
Number of ordinary shares in issue (million)[2, 3]	696.1	682.1
Market capitalisation (£'million)[3]	1 058	2 346

Investec Limited

For the year ended	**31 March 2020**	31 March 2019
Daily average volumes of share traded ('000)	1 344	860
Closing market price per share (Rands)[2]	33.99	51.90
Number of ordinary shares in issue (million)[4]	318.9	318.9
Market capitalisation (R'million)[2, 4]	34 500	51 952
Market capitalisation (£'million)[2,4]	1 543	3 443

1 Calculations are based on the adjusted earnings per share from continuing operations and the closing share price (adjusted for the demerger in the prior year).
2 As detailed on pages 11 and 12, on 13 March 2020 Investec successfully completed the demerger of Investec Asset Management, which became separately listed as Ninety One on 16 March 2020. The closing share price and market capitalisation for Investec plc and Investec Limited as at 31 March 2019 have been disclosed on an adjusted basis as calculated by Factset, to account for the aforementioned demerger.
3 The LSE only include the shares in issue for Investec plc, i.e. currently 696.1 million, in calculating market capitalisation, as Investec Limited is not incorporated in the UK.
4 The JSE have agreed to use the total number of shares in issue for the combined group, comprising Investec plc and Investec Limited, in calculating market capitalisation, i.e. currently a total of 1015.0 million shares in issue.
5 The dividend cover and dividend yield in the prior year have been calculated using the group's consolidated adjusted earnings per share and group's closing share price as reported in the prior year respectively.
*** In light of regulatory guidance provided to banks in both South Africa and the UK, the board has decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share (2019: 24.5 pence with a dividend cover based on the group's adjusted EPS of 2.5 times).*

Investec preference shares

Investec plc, Investec Limited and Investec Bank Limited have issued preference shares.

Spread of preference shareholders as at 31 March 2020

Investec plc preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
47	1 – 500	15.6%	8 766	0.3%
36	501 – 1 000	11.9%	27 447	1.0%
139	1 001 – 5 000	46.0%	266 774	9.7%
29	5 001 – 10 000	9.6%	222 020	8.1%
39	10 001 – 50 000	12.9%	851 160	30.9%
7	50 001 – 100 000	2.3%	521 865	18.9%
5	100 001 and over	1.7%	856 555	31.1%
302		**100.0%**	**2 754 587**	**100.0%**

Investec plc (Rand-denominated) perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
34	1 – 500	44.1%	7 030	5.3%
15	501 – 1 000	19.5%	11 943	9.1%
20	1 001 – 5 000	26.0%	47 277	36.0%
5	5 001 – 10 000	6.5%	28 197	21.5%
3	10 001 – 50 000	3.9%	37 000	28.1%
–	50 001 – 100 000	0.0%	–	0.0%
–	100 001 and over	0.0%	–	0.0%
77		**100.0%**	**131 447**	**100.0%**

Investec Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
1 053	1 – 500	17.9%	317 978	1.0%
1 229	501 – 1 000	20.9%	1 009 490	3.1%
2 539	1 001 – 5 000	43.2%	6 114 672	19.0%
513	5 001 – 10 000	8.8%	3 683 744	11.4%
457	10 001 – 50 000	7.8%	8 776 716	27.3%
40	50 001 – 100 000	0.7%	2 909 940	9.0%
41	100 001 and over	0.7%	9 402 684	29.2%
5 872		**100.0%**	**32 215 224**	**100.0%**

Investec Bank Limited perpetual preference shareholders

Number of shareholders	Holdings	% of total shareholders	Number of preference shares in issue	% of issued preference share capital
259	1 – 500	8.6%	179 973	1.2%
836	501 – 1 000	27.8%	721 397	4.7%
1 365	1 001 – 5 000	45.5%	3 274 776	21.2%
293	5 001 – 10 000	9.8%	2 120 246	13.7%
209	10 001 – 50 000	7.0%	4 036 862	26.1%
24	50 001 – 100 000	0.8%	1 592 629	10.3%
16	100 001 and over	0.5%	3 521 747	22.8%
3 002		**100.0%**	**15 447 630**	**100.0%**

Largest preference shareholders as at 31 March 2020

Shareholders holding beneficial interests in excess of 5.0% of the issued preference shares are as follows:

Investec plc perpetual preference shares
Pershing International nominees 6.1%
CGWL Nominees Limited 12.8%

Investec plc (Rand-denominated) perpetual preference shares
Private individual 8.4%
Private individual 9.9%
Private individual 9.9%

Investec Limited perpetual preference shares
There were no shareholders holding beneficial interests in excess of 5.0% of the issued preference shares in Investec Limited, as at 31 March 2020

Investec Bank Limited perpetual preference shares
There were no shareholders holding beneficial interests in excess of 5.0% of the issued preference shares in Investec Bank Limited, as at 31 March 2020

Introduction to our social and environmental impact

Our commitment to sustainability recognises the interconnected nature of our business, the economy, the environment and society. We live in society, not off it. Our vision is to create and preserve sustained long-term wealth and help our clients grow their businesses. This cannot be done in isolation of our responsibility to the world around us.

We integrate sustainability throughout our business strategy

Deliver exceptional client service

→ **Ethical conduct** and do no harm through **responsible** lending, investing and risk management

> **Committed to the ten principles of the United Nations Global Compact**

Create long-term value for all our stakeholders

→ **Doing well and doing good** by offering profitable, impactful and sustainable solutions

> **Committed to contribution to the United Nations Sustainable Development Goals**

Contribute meaningfully to our people, our clients and our communities

→ Healthy, **engaged employees** who are inspired to learn and enjoy a diverse and inclusive workplace

> Achieved **learning and development spend of 1.7%** (2019: 1.7%) as a % of staff costs for the group (target of >1.5%)

→ **Positive community upliftment** through education, entrepreneurship and job creation

> Achieved **community spend of 2.3%** (2019: 2.0%) as a % of operating profit for the group (target of >1.0%)

→ Support the transition to a **low-carbon world** starting with carbon neutrality in our own operations

> Achieved **net-zero emissions** in our global operations and committed to ongoing carbon neutrality

All numbers in the social and environmental report exclude Investec Asset Management (now Ninety One) unless otherwise stated.

Ratings and rankings in the sustainability indices

We have maintained our inclusion in a number of world-leading indices.

Dow Jones Sustainability Indices: **Top 15%** in the global diversified financial services sector

JSE: **Top 30** in the FTSE/JSE Responsible Investment Index

FTSE Russell: **Included** in the **FTSE UK 100 ESG** Select Index (out of 641 companies)

STOXX Global ESG Leaders: **1 of 43** banks and financial services in the Global ESG Leaders (total of 439 components)

MSCI: **Top 6%** scoring AAA in the financial services sector in the MSCI ESG Research

CDP: **Score B** against an industry average of C

Sustainalytics: **Top 20%** of globally assessed companies in the Global Sustainability Leaders Index

ISS ESG: **Top 20%** of the ISS ESG Global Universe and **Top 14%** of diversified financial services

Awards

Voted one of South Africa's Top Empowered Companies by Impumelelo

Winner of the Sustainability Award in the 17th Annual National Business Awards 2019

Winner of the 16th Platinum Award in the City of London's Clean City Award Scheme in 2019

Best Investment Bank for Sustainable Finance in Africa in the 2020 Global Finance Awards

Winner of the Trialogue Strategic CSI Award 2019 for the Promaths programme

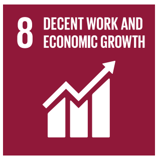
Winner of the Top Graduate Employers Association Employer Awards in 2019

Commitment to the Sustainable Development Goals

The UN SDGs provide a solid framework for us to assess, align and prioritise business activities. The private sector, and in particular, the financial sector, have a pivotal role to play in their achievement. Our strategy is to harness the expertise in our various businesses and identify opportunities to maximise impact. We partner with our clients, investors and various stakeholders to support delivery of the SDGs and build a more resilient, inclusive and sustainable world.

Our six priority SDGs

We have **six priority SDGs** that are globally aligned yet locally relevant to our core geographies and which reflect our current business model and growth strategy.



Focusing on the five SDGs below is vital for economic growth, skills development and job creation (SDG 8), which is also embedded in our business strategy to finance profitable, impactful and sustainable solutions. Investec plays a critical role in providing capital to fund a stable and sustainable economy. We have a strong focus on financing entrepreneurs who are critical in accelerating job creation and supporting sustained economic growth.

Water is the source of all life. We fund water and sanitation infrastructure and storage solutions that are critical to help communities and businesses grow.

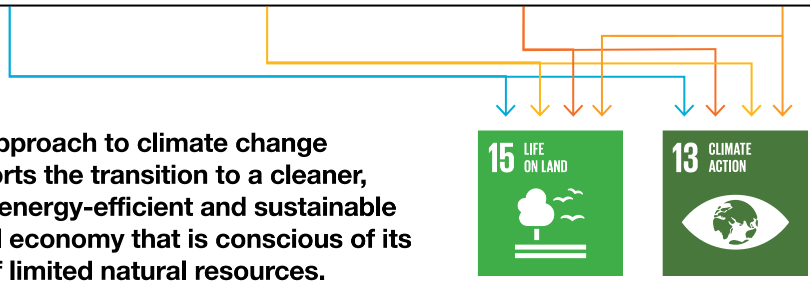
Access to clean energy is vital for economic growth and the transition to a low-carbon economy. We finance and develop solutions to promote clean and renewable energy.

SDG 9 is critical in addressing socio-economic challenges. We have strong infrastructure expertise and we finance industry, innovation and communication technologies.

We fund and develop businesses, properties and infrastructure solutions that help build sustainable cities and promote resilient communities.

By supporting quality, inclusive education and skills development; we contribute to a greater pool of talent for our own workforce and for the economy in general.

Our approach to climate change supports the transition to a cleaner, more energy-efficient and sustainable global economy that is conscious of its use of limited natural resources.



The greatest impact we can have on climate change and life on land is through our business contributions to SDG 6, SDG 7, SDG 9 and SDG 11.

We regularly engage with a range of stakeholders including shareholders, ESG analysts and rating agencies on topics relating to the relevance of ESG issues for our business. We participate and collaborate actively in multiple industry-led bodies such as the Bankers Association of South Africa (BASA), UN GISD, UN Global Compact, PCAF and others.

SDG framework

We have a three-pronged approach for coordinating, assessing and reporting on the group's progress in terms of our six SDG priorities. We evaluate each SDG with respect to how we are performing within our own operations; how we are supporting and promoting in terms of our business activities; and how we are contributing in terms of our communities. Below is a high-level summary of this framework with references to the relevant detail elsewhere in this report.

	Within our operations	*Within our business*	*Within our communities*
4 QUALITY EDUCATION	• Provide staff bursaries • Offer L&D programmes to staff • Provide CA programme • Provide IT Grad programme • Offer education benefits to staff's family members	• Contribute to a greater pool of talent and create economic participants • Allocate 55% of Wealth & Investment philanthropy funds to education • Fund educational solutions	• Fund educational programmes in SA (Promaths and bursaries) • Fund Arrival Education in the UK • Support external learnership programmes
6 CLEAN WATER AND SANITATION	• Responsible sourcing of water in all Investec offices • Innovative technology to reduce consumption and limit waste • Encourage behaviour that ensures conscious water usage	• Established expertise in, and fund water infrastructure • Finance innovative water saving solutions • Finance safe water storage	• Fund the installation of water storage that provides clean water to rural communities • Donate to assist water scarce communities in times of drought
7 AFFORDABLE AND CLEAN ENERGY	• Minimise and manage energy consumption in all offices through innovative technologies • Draw from renewable sources where possible • Encourage behaviour to ensure responsible energy use	• Finance and develop renewable energy generation and transmission • Participate in renewable energy projects globally • Finance energy solutions for corporates and households	• Assist communities with renewable energy options • Ensure renewable energy projects funded are able to supply local communities where required
8 DECENT WORK AND ECONOMIC GROWTH	• Publish HR, compliance and ESG policies, including a code of conduct • Provide economic opportunities for 8 355 people • Enable internal mobility	• Finance and advise clients, including entrepreneurs and SMMEs, enabling them to grow their businesses, employ more people and contribute to overall economic growth	• Support youth employment through YES initiative • Support community entrepreneurship programmes (Nextwork Global Exposure Programme in SA; Bromley by Bow in the UK)
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Use of modern, resilient and efficient IT infrastructure across all offices • Targeted investments in our AI capability • Provide digital workplace support	• Provide sophisticated digital platforms for corporate and private clients • Fund critical infrastructure projects • Finance innovative technologies and fintech businesses	• Provide financial and other support for digital learning in rural and disadvantaged communities
11 SUSTAINABLE CITIES AND COMMUNITIES	• Minimise and manage our carbon impact across all offices, including waste and air quality • Encourage alternatives to reduce transport emissions	• Fund sustainable transport systems • Fund sustainable and resilient property developments • Fund affordable housing projects	• Work with rural communities to conserve biodiversity and support the economy of wildlife to limit urbanisation • Support local municipalities to become more waste and energy efficient

www ***Please refer to our 2020 group sustainability and ESG supplementary report on our website for more information.***

Commitment to our people

Investec's culture is positioned as a strategic differentiator. We have a flat organisational structure, a respect for the individual and uphold an environment that encourages self-starters to drive their careers in line with business objectives. We employ passionate and talented people who are empowered and enabled to perform extraordinarily.

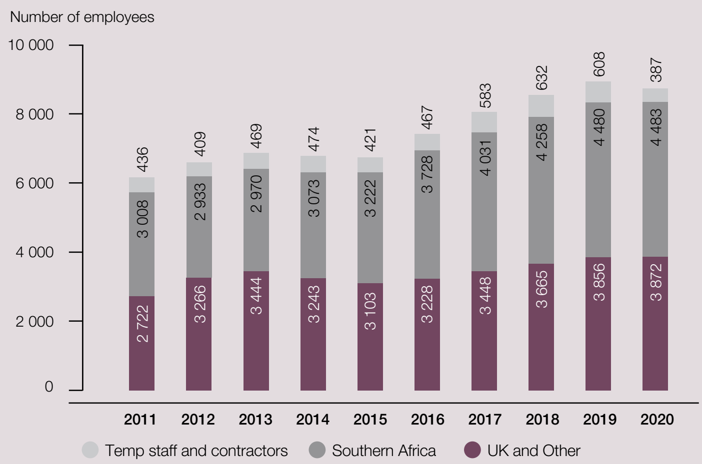
Our people strategy

Our people are at the heart of our business. We invest significantly in opportunities for their development and to enable current and future leaders across the group. Our strategy is to attract the right people, inspire growth and learning, and create an organisation in which all our people feel valued for what they contribute and are celebrated for who they are.

Headcount

We have been a consistent employer in South Africa for over 45 years and in the UK for almost 30 years.

Headcount



Permanent headcount

remained stable due to cost containment

Talent attraction, development and retention

Internal mobility

SA: 8.5%
(2019: 8.5%)

UK: 4.2%
(2019: 2.1%)

Voluntary staff turnover

SA: 8.6%
(2019: 8.4%)

UK: 8.9%
(2019: 7.8%)

Participation in graduate programmes

119 graduates
(2019: 107)

* *Academic year: January to December*

Employee value proposition and workforce engagement

Investec's employee value proposition communicates Investec's culture through artefacts and tools that demonstrate how we live in the organisation as well as the reciprocity required by the organisation of its employees. We have various mechanisms to monitor, gain a felt sense of, and evaluate how people in the culture thrive, as well as employees' alignment and adherence to our system of beliefs.

Cultural dialogues
Assess alignment of behaviours and practices with perception

Organisation climate reviews
Provide an important indicator of employee sentiment

Pulse checks
Real time snapshot of the feel within the organisation

Employee well-being

Our approach to well-being is all-encompassing and forms part of the greater employee value proposition strategy.

In response to the social containment protocols enacted as a result of the COVID-19 pandemic, Investec launched a virtual well-being platform which is available to all employees.

Family-friendly policies

We provide an environment supportive of combining parenthood with a career.

Our maternity scheme provides enhanced benefits to parents irrespective of their length of service.

Flexible working practices

We endeavour to create a working environment which encourages high performance and innovation.

We believe that it is important to see flexibility in the context of the work itself, the team's purpose and performance commitments, the needs of clients, and the lives of every individual in the team.

Wellness participation by staff
SA: 79%
(2019: 70%)
UK: 1 650 staff
(2019: 785 staff)

UK: launched an improved family leave policy
SA: parental leave exceeds minimum prescribed by regulations

Launched 'dressing for your day'
Empowering employees to choose what they wear while still maintaining a professional image

Recognising and rewarding people

Our remuneration practices comply with local regulations. Investec is supportive of a minimum living wage and ensures that all its employees globally are paid above the relevant minimum statutory wage.

Performance management

Our performance practice has moved beyond the annual individual review process to being centred on the individual, the team and the organisation on an ongoing basis.

Staff shares
7% of shares held by staff (excluding non-executive director's holdings)
(2019: 5%)

Continuous performance review process
Greater sense of shared accountability, meaning and value creation

Belonging, inclusion and diversity

Our diversity and inclusion framework has a sense of belonging for all our people, irrespective of difference, as its goal.

Our diversity commitment

We aim to make Investec a place where it is easy to be yourself. It is a responsibility we all share and is integral to our purpose and values as an organisation. Continually mindful of our biases and consciously inclusive, we encourage each other to embrace opportunities for growth. A diverse and inclusive workforce is essential to our ability to be an innovative organisation that can adapt and prosper in a fast-changing world.

The group's approach is to recruit and develop based on aptitude and attitude, with the deliberate intention of building a diverse workforce.

30% club
Member in the UK and South Africa

CEO statement of support for the UN Women's Empowerment Principles
Signatory

UK HM Treasury Women in Finance Charter
Signatory

Our diversity principles

- We believe in the importance and benefits of diversity and strive to foster a culture that is supportive and inclusive of different perspectives and experiences
- Our workforce aims to reflect the diversity of our client base and the society within which we operate
- We are progressing towards a working environment that is more inclusive, agile and responsive to the needs of all individuals, for example flexible work arrangements
- We work proactively to rebalance our organisation in line with the communities in which we operate through education and entrepreneurship, and leveraging the value in our diversity
- We will continue to measure and track progress annually and strive to achieve our targets through concrete actions.

37% (2019: 36%) — **Female senior management in the group**

43% (2019: 42%) — **Female senior management in South Africa**

22% (2019: 19%) — **Female senior management in the UK**

Learning and development (L&D)

Employees are encouraged to be the driving force behind their own development and should be proactive in identifying and addressing development needs, allowing them to maximise learning opportunities most relevant to their unique requirements.

L&D spend as a % of staff costs

1.7%; £14.2mn (2019: 1.7%; £16mn) against our minimum target of 1.5%

Transformation in South Africa

Investec recognises that economic growth and societal transformation is vital to creating a sustainable future for all the communities in which it operates. Investec Limited was voted one of South Africa's Top Empowered Companies by Impumelelo.

Financial Sector Code rating

Level 1

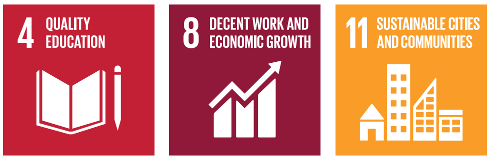
Policies and business practices

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Investec's policies and business practices are outlined in our internal documents which are easily accessible to all employees in all of Investec's locations. These are intended to guide conduct and ensure our actions and attitude reflect the group's values and philosophies at all times. We also have a publicly available document, The Way We Do Business, which highlights our positioning on various elements of how we conduct ourselves as a business.

www ***For further and more comprehensive information regarding our policies refer to our 2020 group sustainability and ESG supplementary report on our website.***

Commitment to our communities

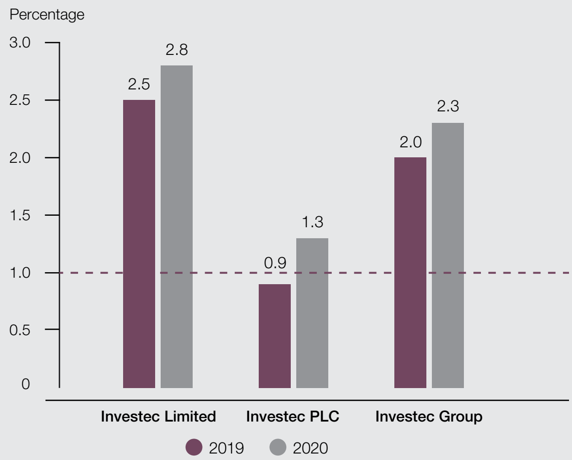


Our community initiatives are central to the group's values of making an unselfish contribution to society, nurturing an entrepreneurial spirit, valuing diversity and respecting others, which all underpin Investec's aim to be a responsible corporate citizen.

Our approach

In line with our vision to create sustained long-term wealth, we need a thriving economy with active economic participants. To become economically active, people need to be educated and skilled in order to be employed or create employment themselves as entrepreneurs. Those professionals and entrepreneurs become our clients and staff, and partner with us to create more wealth. In this way, we are able to address financial inclusion, creating active economic participants and engaging with communities in a meaningful way.

*Spend on community initiatives as a % of operating profit**



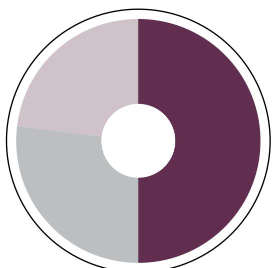
Achieved 2.3% (£9.8mn) group community spend as a % of operating profit* against our target: >1.0% (2019: 2.0%, £9.5mn)

* *Before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interest*

Our approach focuses on three categories of impact:

- Education and learnerships (aligned to priority SDG 4: quality education)
- Entrepreneurship and job creation (aligned to priority SDG 8: decent work and economic growth)
- Environment and other philanthropy (aligned to priority SDG 6, SDG 7, SDG 9 and SDG 11).

Spend on community initiatives by category (%)



£9.8 million

50%	Education and learnerships
27%	Entrepreneurship and job creation
23%	Environment and other philanthropy

Education and learnerships

4 QUALITY EDUCATION

Within our communities, our strategy focuses on creating education and learnership opportunities that equip and enable young people to become active economic participants in society. Through these opportunities we contribute to SDG 4 (quality education).

Promaths and bursaries

In the past year*, our flagship Promaths programme in South Africa, contributed 5% and 6% of national distinctions in mathematics and science respectively.
We awarded 171 high school and university bursaries (2018*: 173 bursaries).

Over 8 000
disadvantaged learners funded through Promaths since inception in 2015

Arrival Education

Arrival Education, one of our partners in the UK, is a social enterprise that focuses on supporting young people from challenging backgrounds through programmes which encourage social mobility.

1 780
Arrival Education learners supported in the UK in the past 12 years

Learnerships

We support three external learnership programmes in South Africa:
Umuzi Academy – digital and multi-media professionals
Afrika Tikkun – business administration
ORT SA CAPE – qualified teachers assistants.

R11.2mn
invested in learnerships
(2019: R14.7mn)

**Academic year: January to December*

Entrepreneurship and job creation

8 DECENT WORK AND ECONOMIC GROWTH

Investec's roots are based in the spirit of entrepreneurship and we strive to nurture an entrepreneurial spirit from school-going age to working entrepreneurs. We aim to provide job creation for youth through quality work experience placements. Through our various initiatives in entrepreneurship and job creation we are contributing to SDG 8 (decent work and economic growth).

The YES initiative

In South Africa, we support youth employment through the Youth Employment Service (YES). Of the 1 440 interns placed in the last two years, 50% have found permanent employment.

1 440 youth
placed in jobs through the YES programme

Bromley by Bow Centre

We partner with the Bromley by Bow Centre in the UK which focuses on economic regeneration in London by assisting entrepreneurs to launch their businesses. Many of the entrepreneurs are female, and of black or ethnic minority.

154 entrepreneurs
provided professional advice over the past year

Global Exposure Programme

The Nextwork programme in South Africa, funded by Investec, takes aspiring entrepreneurs from different sectors on overseas trips to expose them to countries that are sector leaders.

50 entrepreneurs
given a global exposure experience (2019: 43)

Environment and other philanthropy

11 SUSTAINABLE CITIES AND COMMUNITIES

Investec recognises that communities require a clean, resource-rich natural environment that supports the growth of business and the economy. Through our environmental initiatives, we are preserving our communities, supporting the economy of wildlife and contributing to SDG 11 (sustainable cities and communities).

Given our African heritage we are passionate about ensuring the continued existence of a number of African wildlife species. In South Africa, we fund biodiversity projects which help to ensure the sustainable existence of South Africa's rich wildlife. In the UK, we focus on improving the environment for communities local to our offices.

Investec Rhino Lifeline (IRL)

Since inception in 2013, 28 900 children have been through our conservation programmes and 85 rescued rhino cared for by our partners. Of these, 35 have been released back into the wild. Through four awareness campaigns, we reached 12.1 million people raising funds for IRL partners.

R2mn

raised in third party donations for IRL partners in the past year

Philanthropic donations

We donated R300 000 to Gift of the Givers Foundation in South Africa to support drought-stricken communities in the Eastern Cape. The funds were used to install two boreholes in local communities, one of which was erected at a school.

R300 000 donated

to drought-stricken communities in the past year

Trees for Cities

In the UK, we support the charity, Trees for Cities, that engages local schools and communities to plant trees and shrubs, and grow food, reconnecting urban areas with nature. In the past year our staff volunteered more than 1 300 hours to plant trees.

1 500 trees

planted by staff in the UK (2019: >2 500)

Staff volunteering

Through our staff volunteer programme, we support and encourage staff participation and engagement as we believe that far more can be achieved through our collective knowledge, expertise and influence than through cash donations alone. Our people play a pivotal role in our community initiatives giving selflessly of their time, money, goods and skills to support our communities. We foster a culture of participation by offering staff involvement opportunities that include facilitated staff volunteering events and a payroll giving programme in our South African, UK and other regional offices. In the past year, our staff spent 6 095 hours volunteering (2019: 7 130 hours).

www ***For more information on our commitment to our communities, please refer to our 2020 group sustainability and ESG supplementary report on our website.***

Commitment to COVID-19 response

Continue to pay all staff full salaries during lockdown

Enabled >95% of staff to work from home

Committed £3.2mn to COVID-19 relief for communities

Reaffirming Investec's position that we exist within society, not off it, we acted decisively to support employees, suppliers, clients and communities through the COVID-19 pandemic.

Priorities

- Prioritise employees
- Ensure business continuity and support our clients. The support given to clients and business is detailed throughout this report
- Support existing CSI partners where we already have an investment
- Focus on food security, education, healthcare and economic continuity
- Partner with staff and clients to maximise impact and help those most vulnerable.

Employees

- Fully remunerate all staff during lockdown
- Swiftly enabled >95% of staff across the world to work from home
- Increased health and safety across all buildings including appropriate PPE and screening
- Extensive well-being offering providing online support for staff in terms of physical, mental, emotional, social and financial well-being
- Investec Pulse conducts weekly monitoring of productivity, ability to cope and extent of feeling supported
- Financial support for employees where required (salary advances, payment holidays, debt consolidation).

Community

- The group has committed £3.2 million to COVID-19 relief for communities in our jurisdictions around the world
- The Global Executive Team and board members have donated from their salaries with a portion going to the Solidarity Fund in South Africa
- Senior leaders and staff across the world have donated to local initiatives via salary deductions.

Food security

Through our support of local credible NGOs in food security, our offices are feeding hundreds of thousands of people across South Africa, the UK, India and New York.

Economic continuity

Investec donated R5.6 million to the Solidarity Fund (excluding executive and board member personal donations) and continued to pay all youth interns in learnerships in South Africa. We are also supporting a number of community SMME initiatives.

Healthcare

We are funding screening, PPE, capacity building and support for healthcare workers and doctors around the world.

Education

Investec, in partnership with Kutlwanong and Tuta-Me, launched Promaths Online to ensure continued learning for thousands of students despite the crisis. Investec is carrying the cost of the data usage through a reverse billing arrangement with South Africa's major network providers.

www ***Please refer to our website for details on our group COVID-19 response to helping communities.***

Commitment to the environment and climate change

Our approach to climate change supports the transition to a cleaner, more energy-efficient and sustainable global economy that is conscious of its use of limited natural resources. The greatest impact we can have on climate change (SDG 13) and life on land (SDG 15) is through our business contributions to SDG 6, SDG 7, SDG 9 and SDG 11.

Achieved net-zero carbon emissions for the 2018/2019 financial year through the purchase of carbon credits and committed to ongoing carbon neutrality

Published our group fossil fuel policy. Our banking book exposure to fossil fuels is 1.3% of gross credit and counterparty exposures

Launched our first ESG-linked autocall product in South Africa and are piloting a solar energy platform offering for private clients

Climate change position statement

We recognise the complexity and urgency of climate change. Investec's environmental policy considers the risks and opportunities that climate change presents to the global economy. As a specialised financial services organisation, we have the opportunity to make a meaningful impact in addressing climate change.

We acknowledge the science behind climate change and support the Paris Agreement's aim of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and of pursuing efforts towards limiting it to 1.5°C.

As such, we support the transition to a low-carbon economy whilst realising that this might take time due to socio-economic constraints. We have a global business and operate in both the developed and developing world with varying economic, social and environmental contexts. Our businesses use their specialist skills in advisory, lending and investing to support clients and stakeholders to move as quickly and smoothly as possible towards a low-carbon economy. The transition cannot be done in isolation of the realities of the communities in which we, and our clients, operate and we welcome the voice of all stakeholders as we make the move together to a cleaner, low-carbon world that is most responsible for all participants.

We also have an important role to play in terms of advocacy and collaboration and participate in a number of workshops and taskforce groups internationally which share learnings and promote a cohesive approach for the financial sector.

We are mindful of the potential climate risks when the economy restarts after COVID-19 and therefore stand firm in our commitment to clean energy investments as they will make the new economy a more sustainable one.

www *Refer to our 2020 group sustainability and supplementary ESG report on our website for more information.*

Climate change framework: Transitioning to a low-carbon economy

Strategy

We see climate change as both a business opportunity and a risk and therefore our strategy is based on the following:

- Support the Paris Climate Agreement and acknowledge the urgency of climate change
- Minimise our direct negative carbon impacts and commit to ongoing carbon neutrality
- Invest in products, services and businesses that help accelerate the transition
- Support our clients as they transition their business operations and offering
- Engage with stakeholders to inform our climate strategy as it evolves
- Actively participate in industry discussions to ensure an aligned and comprehensive approach.

Governance

Board of directors

- At the highest governance level, the board has the ultimate responsibility to monitor that the group is operating as a responsible organisation
- This includes considerations around climate related risks and opportunities when reviewing the group strategy
- The board is supported by the DLC SEC who are responsible for monitoring all the non-financial elements of sustainability.

Senior leadership

- We have a newly constituted Group ESG Policy and Strategy Committee, a sub-committee, which reports to the board and the DLC SEC on various ESG and climate-specific matters.

Refer to page 99 for our government framework and our TCFD report on our website.

Publicly available policies and statements

- Environmental policy and climate change statement
- Fossil fuel policy
- Operational resilience statement.

Management

Compliance and screening

- We identify climate risks by integrating ESG considerations into our day-to-day operations
- We assess climate risks and follow the 'do no harm' principle through screening to ensure responsible lending and investing.

Risk management

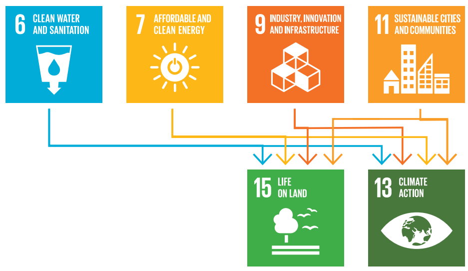
- We see climate risk as a material risk associated with rapidly changing weather events (physical risk) or market shifts as a result of regulatory and policy changes (transitional risk).

Environmental management

- We have an environmental management system to manage and limit our direct carbon impact
- We ensure responsible sourcing of natural resources and encourage behaviour that supports our carbon neutral focus.

Business opportunities

- We use our specialist skills in advisory, lending and investing to support clients' sustainability ambitions
- We have a deliberate focus on financing infrastructure solutions that promote renewable and clean energy
- Through our approach to the SDGs, we can accelerate sustainable finance that supports a low-carbon transition.



Measurement

- We have set emissions reduction targets
- We have committed to an ongoing net zero direct carbon footprint
- We follow the recommendations set out by the TCFDs
- We disclose our full energy lending portfolio including fossil fuel exposures across the group
- We include non-financial and ESG related targets within executive remuneration with a total weighting of 20% of short-term incentives and 25% of long-term incentives.

Direct operational impact

Highlights

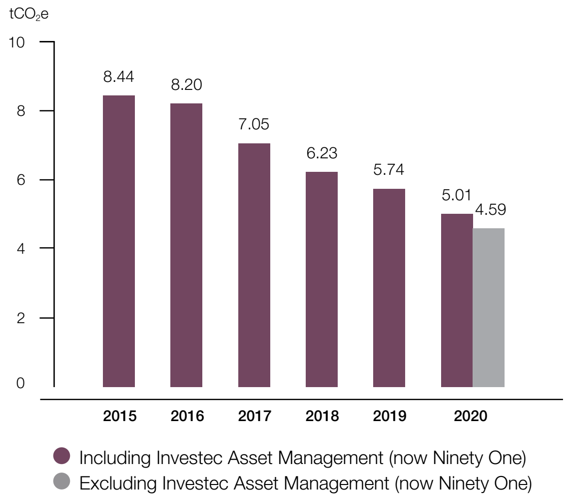
- Achieved net-zero carbon emissions through the purchase of carbon credits and committed to ongoing carbon neutrality
- Emissions per average employee reduced by 13% from 5.74 tCO_2 to 5.01 tCO_2
- Received a 4 Star Green Star Rating (best practice) through the Green Building Council of South Africa (GBCSA) for the Sandton head office, which is 15.2% more energy efficient than industry average, according to the GBCSA.

We have a responsibility to understand and manage our wider carbon footprint. Our approach is focused on limiting our direct operational impact and creating awareness to encourage positive sustainable behaviour. Acknowledging that we cannot continue consuming natural resources at the current rate, we focus on ways to ensure the security of natural resources in all our operations.

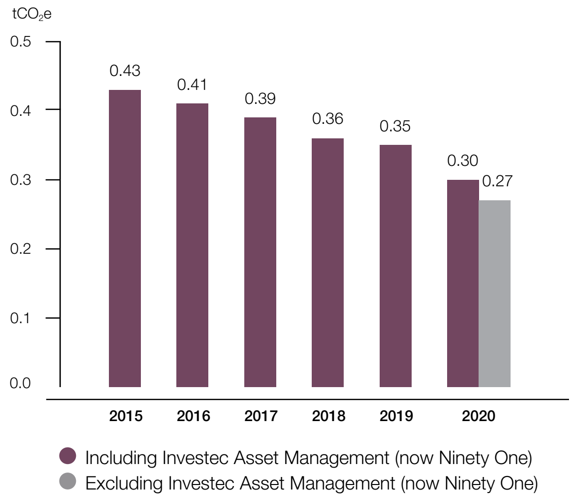
Breakdown of group emissions

Over the past six years, our intensity indicators have steadily declined. In particular, the group has reduced electricity consumption because of energy reduction initiatives, even though our average headcount increased by 27.4% over the same period.

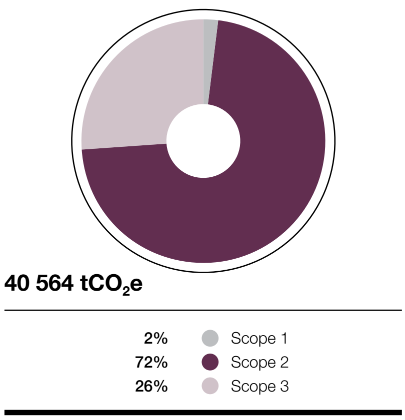
Emissions per average headcount



Emissions per m² office space



*Carbon footprint for the year ended 31 March 2020**



Scope 1 (993 tCO_2 emissions): There was a 41% reduction in our Scope 1 emissions due to the relocation of our UK head office in 2018 to more energy efficient offices as well as the removal of all refrigerants that have ozone depletion potential.

Scope 2 (29 151 tCO_2 emissions): There was a 10% increase in emissions due to the inclusion of our South African alternative disaster site energy consumption and the increase in the South African energy emission factor.

Scope 3 (10 420 tCO_2 emissions): There was a reduction in business travel due to the efforts to reduce the need to travel in our offices. These efforts have been further accelerated by the need to work remotely due to COVID-19.

* *Resource consumption not reflected includes water of 91 346 kl (2019: 90 872 kl) and 600 tonnes of waste recycled (2019: 565 tonnes).*

Business contribution to the SDGs

We have six priority SDGs that are globally aligned yet locally relevant to our core geographies and which reflect our current business model and growth strategy to fund a stable and sustainable economy. We also have a strong focus on financing entrepreneurs who are critical in accelerating job creation and supporting sustained economic growth.

Group CEO, Fani Titi, joined the UN GISD Alliance in April 2019

Hosted the GISD in South Africa to promote the need for sustainable development

Investec's Young SDG Innovators chosen to present at the UN virtual leadership summit in June 2020

7 AFFORDABLE AND CLEAN ENERGY

Highlights

- Participated in £1.0 billion of renewable energy projects of which 40% is in solar energy (2019: £1.6 billion)
- Financed 11 projects (2019: 14 projects) with an installed capacity of 3 924MW of clean energy (2019: 1 863MW)
- Asset Finance launched a new sustainable energy finance business in the UK, helping companies fund renewable energy assets
- Created revego Africa Energy Limited (RAEL) energy fund which is expected to list on the Johannesburg Stock Exchange later in 2020
- Piloting a solar energy platform offering for private clients in South Africa.

6 CLEAN WATER AND SANITATION

Highlights

- Participated in various funding and structuring projects with two overarching objectives: providing safe and affordable drinking water and ensuring water use efficiency
- Participated in funding for Trans-Caledon Tunnel Authority (TCTA) who also act as an agency of the National Department of Water and Sanitation, which is responsible for the country's water resources in respect of usage, equitable allocation and distribution. TCTA assist the government to ensure water security for all citizens. South Africa is a water-scarce country, requiring a dedicated focus on ensuring adequate water storage and transfer capacity
- Through our collaboration with the Entrepreneurship Development Trust (EDT), Innovation Africa provide solar water pumping systems to 11 communities in rural South Africa. Approximately 20 000 litres per day of clean drinking water are distributed to at least 8 000 people per village.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Highlights

- Structured the financing of $22.5 million for an infrastructure company in Ghana creating significant employment and contributing to the development of communities and access to education and healthcare
- Partnered with Crossfin to fund early-stage African fintech start-ups. This year the investment extended to BxChange iMali who developed an eWallet App called My-iMali that provides approximately 5 000 lower-income consumers with the ability to transact anywhere in the world without paying monthly fees
- Investec Life's partnership with UK-based genetics company DNAfit Life Sciences, empowers our clients with personalised information as a means to make better decisions regarding personal health and wellness
- Our Export and Agency Finance team is working with a new impact debt fund, Acre Capital, which is grant-supported by The Rockefeller Foundation. This $300 million initial fund will launch in the second quarter of 2020 and is focused on co-financing projects which meet SDG objectives alongside export credit agencies.

Business contribution to the SDGs

11 SUSTAINABLE CITIES AND COMMUNITIES

Highlights

- Investec Property Fund (IPF), managed by Investec Property and 24.3% owned by Investec Limited, actively explores sustainable business development. IPF tracks and benchmarks consumption across the portfolio in order to identify energy efficiency opportunities as well as monitor improvements
- In South Africa, we contributed to economic empowerment through the distribution of 3 600 title deeds to homeowners in 15 townships around Gauteng. This enabled debt-free home ownership to a severely vulnerable population
- In Australia, we continued to fund affordable housing and affordable student accommodation.

4 QUALITY EDUCATION

Highlights

- We are an equity partner in Invictus Education Group who continually reinvest in education systems, processes and technology as a key strategy
- Private Capital in the UK fund Explore Learning, an online tutoring and learning platform helping children to meet their educational goals from home. Since 2001, they have tutored over 300 000 children
- Investec Wealth & Investment's philanthropy offering manages foundation investments to the market value of R988 million. Of the funds allocated, 55% went to education.

8 DECENT WORK AND ECONOMIC GROWTH

Highlights

- Investec was awarded £15 million from Banking Competition Remedies Ltd to support the development of its SME banking proposition. We focus on asset finance, invoice finance and treasury services, directly supporting more than 60 000 UK SMEs over the past five years
- The cash investments business in South Africa provides flexible cash management for small to medium sized businesses. Over the last 12 months we have partnered with Sme.Africa to deliver a podcast series called Making SMEs Matter, which is freely available. The aim is to deliver content that allows an SME to thrive and not just survive
- Investec Property Fund supports an enterprise and supplier development initiative known as AMP. Total contracts awarded to AMP tenants are in excess of R21 million, since inception of the programme in November 2016.

17 PARTNERSHIPS FOR THE GOALS

Highlights

- Within the finance sector in South Africa, there is a collaborative effort to build a sector dashboard showcasing the collective action and contribution to the SDGs
- To complement the efforts of the GISD, we are actively involved in supporting working groups and hosted members of 30 international banks and financial institutions for a two-day workshop to focus on driving the UN GISD agenda
- Chris Mitman, founder and head of Export and Agency Finance, is the co-chair of the ICC Sustainability Working Group focused on growing the sustainable funding activities of the export credit market
- We hosted a number of events with industry and NGOs on financing the economy of wildlife. In the UK, we co-hosted a seminar focused on the impact of species extinction in the stakeholder value chain. In South Africa, we hosted a workshop on financing the economy of wildlife and a roundtable discussion for the World Bank on the biodiversity economy and inclusive business around protected areas
- As members of the United for Wildlife's Financial Taskforce, we hosted the first South Africa workshop to encourage cooperation between law enforcement and banks to use their financial AML architecture to stop wildlife crime
- Three of our employees are presenting at the UN SDG Young Innovators programme and were chosen to showcase their innovation at the UN Global Leaders Summit in June 2020
- Investec was chosen to feature as a case study in South Africa's 2019 Voluntary National Review
- We are supporting Partnership for Carbon Accounting Financials (PCAF) and will be actively involved in the formulation of financial carbon reporting methodology.

Fossil fuel exposure and Equator Principles

Fossil fuel exposures

The transition to a low-carbon world cannot be done in isolation from the realities of the communities in which we, and our clients, operate. When assessing our participation in fossil fuel activities, we consider a variety of financial, socio-economic and environmental factors relevant to a local context (for example poverty, growth, unemployment and carbon impact). We apply prudent due diligence to all fossil fuel activities (including extraction, power generation, infrastructure and industrial processes) which go through rigorous process and require senior decision-making approval. Investec's appetite for this sector is reviewed annually at the executive risk appetite forum and the DLC social and ethics committee.

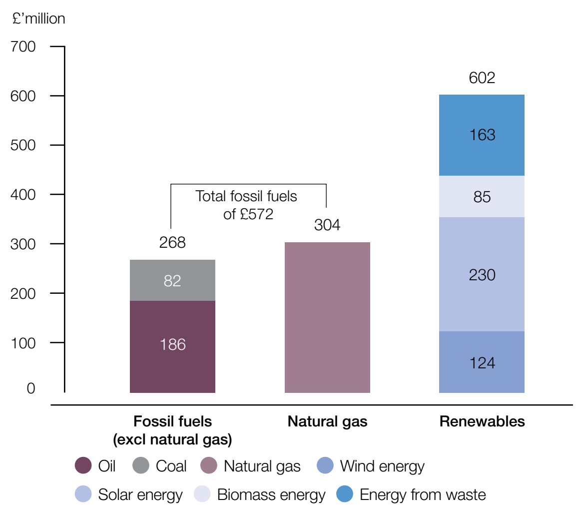
1.3%

Fossil fuel exposure as a % of GCCE*

7.0%

Coal exposure as a % of total energy lending portfolio

Energy portfolio in our banking book



** Gross credit and counterparty exposure*

Investec plc banking book

The mix of the energy portfolio in our Investec plc banking book reflects the trajectory of the energy transition in developed countries. We have a global power and infrastructure business operating across the UK, Europe, US and Australia with a deliberate focus on financing solutions that promote renewable and clean energy.

Breakdown of total Investec plc energy portfolio:

- Coal 2%
- Oil and gas 4%
- Natural gas 24%
- Renewables 70%.

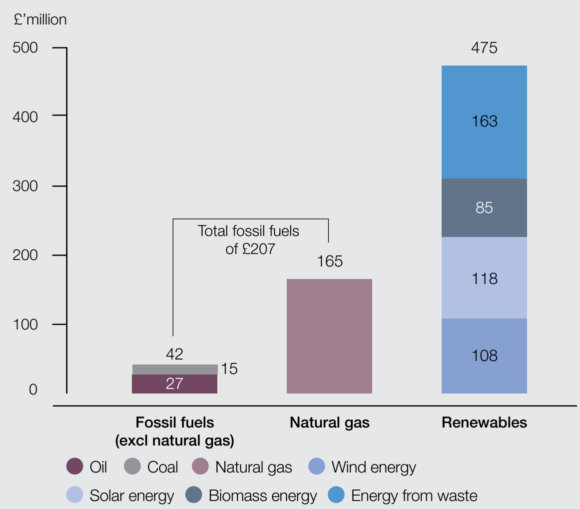
Investec Limited banking book

South Africa is significantly dependent on coal for its energy requirements, which makes it challenging to find a balance between the need for increasing energy access and economic growth in the country and the urgency to reduce carbon emissions. The mix of our energy portfolio in South Africa reflects the trajectory of the country's energy transition. We see natural gas as part of this transition in the short-to-medium term as the country shifts away from coal and builds up renewable sources.

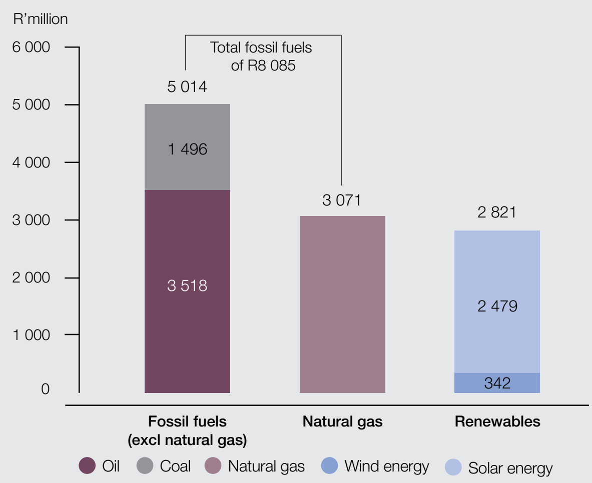
Breakdown of total Investec Limited energy portfolio:

- Coal 14%
- Oil and gas 32%
- Natural gas 28%
- Renewables 26%.

Energy lending portfolio for Investec plc



Energy lending portfolio for Investec Limited



Equator Principles

We fully apply the key provisions of the Equator Principles (EP). We are not currently a signatory due to the low number of transactions that Investec performed in non-designated countries. All transactions in non-designated countries are EP monitored and compliant.

www ***A full breakdown is available in our 2020 group sustainability and supplementary ESG report on our website.***

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REMUNERATION REPORT

Please refer to pages 179 to 237 of volume one of the Investec group's 2020 integrated annual report to view the full directors' remuneration report. This is available on the Investec website.

Annual Report on Remuneration

Single total figure of remuneration (Audited)

Executive Directors	Year	Fixed remuneration-cash £'000	Taxable benefits £'000	Retirement benefits £'000	Fixed remuneration shares £'000	Total fixed remuneration £'000	Short-term incentive £'000	Long-term incentive vested £'000	Value of long-term incentive vested due to share price appreciation £'000	Total remuneration £'000
Fani Titi	2020	612	12	42	666	1 332	0[1]	–	–	1 332
	2019	616	12	38	666	1 332	812	–	–	2 144
Hendrik du Toit	2020	597	13	–	610	1 220	241	–	–	1 461
	2019	652	14	–	666	1 332	812	–	–	2 144
Nishlan Samujh	2020	272	11	50	333	666	0[1]	–	–	666
	2019	–	–	–	–	–	–	–	–	–
Kim McFarland	2020	477	11	–	488	976	189	–	–	1 165
	2019	260	6	–	267	533	318	–	–	851
Stephen Koseff	2020	140	5	23	354	522	0	444[2]	0[3]	966
	2019	398	11	71	1 000	1 480	406	1 763	0	3 649
Bernard Kantor	2020	166	3	–	354	523	0	444[2]	0[3]	967
	2019	429	12	39	1 000	1 480	406	1 763	0	3 649

Salary and Fixed remuneration

This represents the value of salary earned and paid during the financial year. Hendrik du Toit and Kim McFarland received fixed remuneration up until the demerger of Ninety One. The 2020 values shown are those earned prior to the demerger and in respect of their roles as executive directors for Investec DLC. Nishlan Samujh became a DLC executive director on 1 April 2019, therefore no remuneration values are shown for 2019. Stephen Koseff and Bernard Kantor fixed remuneration accounts for the period until 8 August 2019 at which point they ceased to be DLC executive directors.

Taxable benefits

The executive directors pay for other benefits which may include; life, disability and personal accident insurance; and medical cover. These amounts are funded out of gross remuneration.

Retirement benefits

The executive directors receive pension benefits. None of the directors belong to a defined benefit pension scheme and all are members of one of the defined contribution pension or provident schemes. The amounts reflected in the table above represent the contribution to these schemes payable by the company. These amounts are funded out of gross remuneration, and there is no additional company contribution for the executive directors.

Short-term incentive

Represents the total value of the short-term incentives awarded for the 2019/2020 performance year. Page 199 details the basis on which the awards were determined and page 200 shows the breakdown of the awards in up-front and deferred shares. 2020 Short-term incentive for both Fani Titi and Nishlan Samujh of £263k and £132k respectively were rescinded at their own request to align with their colleagues and our shareholders experience. The short-term incentive for Hendrik du Toit and Kim McFarland is pro rata up until the demerger of Ninety One. The 2020 values shown are those earned prior to the demerger and in respect of their roles as executive directors for Investec DLC. Nishlan Samujh became a DLC executive director on 1 April 2019, therefore no short-term incentive value is shown for 2019. Bernard Kantor and Stephen Koseff waived their bonus entitlement for the portion of the 2020 year that they were DLC executive directors.

Long-term incentive vested

Represents the value of long-term incentive awards that were subject to performance conditions and vested on 8 June 2020. These awards were awarded on 6 June 2017 and were subject to a performance period from 1 April 2017 to 31 March 2020. The determination of the vesting of these awards is outlined on page 202. The committee also considered the market environment, current macroeconomic uncertainty and the experience of our employees and shareholders (final dividend was passed), which resulted in the committee exercising its discretion in reducing the vested long-term incentive award by 25%. We have also included the value of the share price appreciation on the vested shares. No dividends or dividend equivalents are earned on unvested long-term incentive awards.

1. *Short-term incentive awards were rescinded at the recipient's request to align with their colleagues and our shareholders experience.*
2. *The long-term incentive vested relates to LTIP awards granted in 2017. These LTIPs were previously disclosed in the 2017 annual report, being the year they were awarded.*
3. *There is no value due to share price value appreciation for the 2017 long-term incentive: the share price on award was £5.87 and the share price on the first vesting date of 8 June 2020 was £1.83 for Investec plc and £2.25 for the Ninety One plc shares.*

SUMMARY ANNUAL
FINANCIAL STATEMENTS

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The directors present their report and the audited financial statements for the year ended 31 March 2020.

Section 414A of the UK Companies Act 2006 (the UK Companies Act) requires the directors to present a strategic report in the annual report.

This information can be found on pages 6 to 177 in volume one of the Investec group's 2020 integrated annual report.

The company has chosen, in accordance with section 414C(11) of the UK Companies Act, to include certain matters in its strategic report that would otherwise be disclosed in this directors' report.

An indication of likely future developments may be found in the strategic report.

The directors' report deals with the requirements of the combined consolidated Investec group, comprising the legal entities Investec plc and Investec Limited.

Authorised and issued share capital

Investec plc and Investec Limited

Details of the share capital are set out in note 43 to the annual financial statements.

Investec plc

During the year, the following shares were issued:

- 13 961 407 ordinary shares on 12 June 2019 at 463.00 pence per share

Investec plc did not repurchase any of its ordinary shares during the financial year ended 31 March 2020.

At 31 March 2020, Investec plc held 31 744 014 shares in treasury (2019: 21 638 673). The maximum number of shares held in treasury by Investec plc during the period under review was 37 825 365 shares.

Investec Limited

- 13 961 407 special convertible redeemable preference shares of R0.0002 each on 12 June 2019 at par

Investec Limited did not repurchase any of its ordinary shares during the financial year ended 31 March 2020.

At 31 March 2020, Investec Limited held 51 026 675 shares in treasury (2019: 29 686 599). The maximum number of shares held in treasury by Investec Limited during the period under review was 51 026 675 shares

Financial results

The combined consolidated results of Investec plc and Investec Limited are set out in the annual financial statements and accompanying notes for the year ended 31 March 2020.

The preparation of these combined results was supervised by the group finance director, Nishlan Samujh.

Ordinary dividends

Investec plc

An interim dividend of 11.0 pence per ordinary share (2019: 11.0 pence) was paid on 18 December 2019, as follows:

- 11.0 pence per ordinary share to non-South African resident shareholders registered on 3 December 2019
- To South African resident shareholders registered on 3 December 2019, through a dividend paid by Investec Limited on the SA DAS share, of 11.0 pence per ordinary share.

In light of regulatory guidance provided to banks in both South Africa and the UK, the board has decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share (2019: 24.5 pence).

Investec Limited

An interim dividend of 211 cents per ordinary share (2019: 206 cents) was declared to shareholders registered on 6 December 2019 and was paid on 18 December 2019.

In light of regulatory guidance provided to banks in both South Africa and the UK, the board has decided not to declare a final ordinary dividend, resulting in a full year dividend of 211 cents per ordinary share (2019: 457 cents).

Preference dividends

Investec plc

Non-redeemable, non-cumulative, non-participating preference shares

Preference dividend number 27 for the period 1 April 2019 to 30 September 2019, amounting to 8.77397 pence per share, was declared to members holding preference shares registered on 6 December 2019 and was paid on 17 December 2019.

Preference dividend number 28 for the period 1 October 2019 to 31 March 2020, amounting to 8.43827 pence per share, was declared to members holding preference shares registered on 5 June 2020 and will be paid on 15 June 2020.

Rand-denominated non-redeemable, non-cumulative, non-participating preference shares

Preference dividend number 17 for the period 1 April 2019 to 30 September 2019, amounting to 488.20890 cents per share, was declared to members holding rand-denominated non-redeemable, non-cumulative, non-participating preference shares registered on 6 December 2019 and was paid on 17 December 2019.

Preference dividend number 18 for the period 1 October 2019 to 31 March 2020, amounting to 468.29795 cents per share, was declared to members holding preference shares registered on 5 June 2020 and will be paid on 15 June 2020.

Investec Limited

Non-redeemable, non-cumulative, non-participating preference shares

Preference dividend number 30 for the period 1 April 2019 to 30 September 2019, amounting to 395.72146 cents per share, was declared to shareholders holding preference shares registered on 13 December 2019 and was paid on 17 December 2019.

Preference dividend number 31 for the period 1 October 2019 to 31 March 2020, amounting to 382.31605 cents per share, was declared to shareholders holding preference shares registered on 5 June 2020 and will be paid on 15 June 2020.

Redeemable cumulative preference shares

Dividends amounting to R nil (2019: R22 462 936) were paid on the redeemable cumulative preference shares.

Directors and secretaries

Details of directors and company secretaries of Investec plc and Investec Limited are reflected on page 95 to 98.

The names of the current directors of Investec plc and Investec Limited, along with their biographical details, are set out on pages 108 to 111 of volume one, and are incorporated into this report by reference. Changes to the composition of the board since 1 April 2019 up to date of this report are shown in the table below:

	Appointed to the board	Retired from the board
Nishlan Samujh	1 April 2019	
Laurel Bowden		8 August 2019
Cheryl Carolus		8 August 2019
Bernard Kantor		8 August 2019
Stephen Koseff		8 August 2019
Henrietta Baldock	9 August 2019	
Philisiwe Sibiya	9 August 2019	
Hendrik du Toit		16 March 2020
Kim McFarland		16 March 2020
David van der Walt	1 April 2020	4 June 2020
Ciaran Whelan	1 April 2020	

In accordance with the UK Corporate Governance Code, all of the directors will retire and those willing to serve again will submit themselves for re-election at the annual general meeting. Ian Kantor will not stand for re-election at the 2021 annual general meeting.

The company secretary of Investec plc is David Miller and Niki van Wyk is the company secretary of Investec Limited.

Directors and their interests

Directors' shareholdings and options to acquire shares are set out on pages 179 to 237 in volume one of the Investec group's 2020 integrated annual report.

The register of directors' interests contains full details of directors' shareholdings and options to acquire shares.

Corporate governance

The group's corporate governance board statement and governance framework are set out on pages 106 to 110.

Share incentives

Details regarding options granted during the year are set out on pages 204 to 222 in volume one of the Investec group's 2020 integrated annual report.

Audit committees

The audit committees comprising independent non-executive directors meet regularly with senior management, the external auditors, operational risk, internal audit, compliance and the finance division to consider the nature and scope of the internal and external audit reviews and the effectiveness of our risk and control systems, taking note of the key deliberations of the subsidiary audit committees as part of the process.

Further details on the role and responsibility of the audit committees are set out on pages 132 to 142 in volume one of the Investec group's 2020 integrated annual report.

Independent auditor and audit information

Each person who is a director at the date of approval of this report, confirms that, so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware and each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given pursuant to section 418 the UK Companies Act and should be interpreted in accordance with and subject to those provisions.

Ernst & Young LLP have indicated their willingness to continue in office as auditors of Investec plc and Ernst & Young Inc. and KPMG Inc. have indicated their willingness to continue in office as joint auditors of Investec Limited.

A resolution to re-appoint them as auditors will be proposed at the annual general meeting scheduled to take place on 6 August 2020.

Contracts

Refer to page 104 for details of contracts with directors.

Subsidiary and associated companies

Details of principal subsidiary and associated companies are reflected on pages 144 to 151 in volume three of the Investec group's 2020 integrated annual report.

Major shareholders

The largest shareholders of Investec plc and Investec Limited are reflected on page 117.

Special resolutions

Investec plc

At the annual general meeting held on 8 August 2019, special resolutions were passed in terms of which:

- A renewable authority was granted to Investec plc to acquire its own ordinary shares in accordance with the terms of section 701 of the UK Companies Act
- A renewable authority was granted to Investec plc to acquire its own preference shares in accordance with the terms of section 701 of the UK Companies Act.

Investec Limited

At the annual general meeting held on 8 August 2019, the following special resolutions were passed in terms of which:

- A renewable authority was granted to Investec Limited and any of its subsidiaries to acquire its own ordinary shares in terms of the provisions of the South African Companies Act No. 71 of 2008, as amended (the South African Companies Act)
- A renewable authority was granted to Investec Limited to provide financial assistance in order to comply with the provisions of sections 44 and 45 of the South African Companies Act
- A renewable authority was granted to Investec Limited to approve the directors' remuneration in order to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the South African Companies Act.

Stakeholder engagement

The directors' section 172 statement, as required under the Companies Act 2006 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018) may be found in the strategic report on pages 21 to 25. This statement also provides details of how the directors have engaged with and had regard to the interests of our key stakeholders, as required under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) regulations 2018).

Employees

The group's approach is to recruit and promote on the basis of aptitude and attitude, with the deliberate intent to build a diverse workforce and promote an inclusive workplace, fully representative of the jurisdictions population. The group's policy is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the group's operations, and to incentivise staff to take an interest in the group's performance by means of employee share schemes.

Further information is provided on pages 121 to 139.

Political donations and expenditure

The group did not make any political donations in the financial year ended 31 March 2020 (2019: R1.5 million).

Empowerment and transformation

The group endeavours to prevent and/or eliminate any form of discrimination based on gender, race, ethnicity, religion, age, disability, nationality or sexual preferences. People with disabilities are an essential part of a diverse talent pool and are always considered, with every effort made to accommodate and facilitate an accessible environment. In the event of employees becoming disabled while in our employ, we are committed to ensuring their continued employment. We have various processes to encourage debate and dialogue around valuing diversity and differences. Emerging and established leaders are invited to participate in discussions with the executive leadership around all issues related to talent management and diversity.

Financial instruments

Detailed information on the group's risk management process and policy can be found in the risk management report on pages 6 to 91 in volume two of the Investec group's 2020 integrated annual report.

Information on the group's hedge accounting policy and the use of derivatives and hedges can be found on page 48 and in note 54 in volume three of the Investec group's 2020 integrated annual report.

Going concern

Refer to page 123 in volume one of the Investec group's 2020 integrated annual report for the directors' statement in relation to going concern.

Environment, including greenhouse gas emissions

We are committed to pursuing sound environmental policies in all aspects of our business, and seek to encourage and promote good environmental practice among our employees and within the communities in which we operate.

Further information can be found on pages 121 to 139.

Research and development

In the ordinary course of business, the group develops new products and services in each of its business divisions.

Viability statement

Refer to pages 113 and 114 for the directors' viability statement.

Risk management policies

The group's policies for managing the financial risk to which it is exposed as well as exposure to price, credit, liquidity and cash flow risk are set out in the risk management section on pages 6 to 91 in volume two of the Investec group's 2020 integrated annual report.

Additional information for shareholders

Schedule A to the directors' report is a summary of certain provisions of Investec plc's current Articles of Association and applicable English law concerning companies (the UK Companies Act). The board considers that this integrated annual report and annual financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the group's performance, business model and strategy.

Directors' responsibilities

The following statement, which should be read in conjunction with the auditor's report set out on pages 13 to 35 in volume three of the Investec group's 2020 integrated annual report, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the UK Companies Act and South African Companies Act to prepare group and company accounts for each financial year and, with regards to group accounts, in accordance with Article 4 of the International Accounting Standards (IAS) Regulation. The directors have prepared group and company accounts in accordance with IFRS, as adopted by the EU. Under the UK Companies Act, the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of their profit or loss for that period.

The directors consider that, in preparing the financial statements the group and company have used appropriate accounting policies, supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

Having taken all the matters considered by the board and brought to the attention of the board during the year into account, the directors are satisfied that the annual report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the group and company's position and performance, business model and strategy.

Directors are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Directors' responsibility statement

The directors have a responsibility for ensuring that the company and the group keep accounting records which disclose with reasonable accuracy the financial position of the company and the group and which enable them to ensure that the accounts comply with the UK Companies Act and South African Companies Act.

The directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement in accordance with applicable law and regulations.

The directors are responsible for the maintenance and integrity of the annual report and financial statements as they appear on the group's website.

The directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors, whose names and functions are set out on pages 95 to 98, confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report, on pages 10 to 37 in volume one of the Investec group's 2020 integrated annual report, which is incorporated in the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approval of annual financial statements

The directors' report and the annual financial statements of the companies and the group, which appear on pages 5 to 9 and pages 36 to 166 in volume three of the Investec group's 2020 integrated annual report, were approved by the board of directors on 16 June 2020.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the companies' website. Legislation in the UK governing the preparation and dissemination of the annual financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the boards of Investec plc and Investec Limited

Perry Crosthwaite
Chairman

16 June 2020

Fani Titi
Chief executive officer

16 June 2020

Declaration by the company secretary

In terms of section 88(2)(e) of the South African Companies Act, I hereby certify that, to the best of my knowledge and belief, Investec Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2020, all such returns and notices as are required in terms of the Act and that all such returns and notices are true, correct and up to date.

Niki van Wyk
Company secretary, Investec Limited

16 June 2020

Additional information for shareholders

Set out below is a summary of certain provisions of Investec plc's current Articles of Association (the Articles) and applicable English law concerning companies (the UK Companies Act). This is a summary only and the relevant provisions of the Articles or the UK Companies Act should be consulted if further information is required.

Share capital

The issued share capital of Investec plc at 31 March 2020 consists of 696 082 618 ordinary shares of £0.0002 each, 2 754 587 non-redeemable, non-cumulative, non-participating preference shares of £0.01 each, 131 447 ZAR non-redeemable, non-cumulative, non-participating preference shares of R0.001 each, 318 904 709 special converting shares of £0.0002 each, the special voting share of £0.001, the UK DAN share of £0.001 and the UK DAS share of £0.001 (each class as defined in the Articles).

Purchase of own shares

Subject to the provisions of the Articles, the UK Companies Act, the UK Uncertificated Securities Regulations 2001 and every other statute for the time being in force concerning companies and affecting Investec plc, the approval of shareholders as provided in the Investec plc Articles, and without prejudice to any relevant special rights attached to any class of shares, Investec plc may purchase, or may enter into a contract under which it will or may purchase any of its own shares of any class, including without limitation any redeemable shares, in any way and at any price (whether at par or above or below par).

Dividends and distributions

Subject to the provisions of the UK Companies Act, Investec plc may by ordinary resolution from time-to-time declare dividends not exceeding the amount recommended by the board. The board may pay interim dividends whenever the financial position of Investec plc, in the opinion of the board, justifies such payment.

The board may withhold payment of all or any part of any dividends or other monies payable in respect of Investec plc's shares from a person with a 0.25% or more interest in the nominal value of the issued shares if such a person has been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the UK Companies Act.

Voting rights

Subject to any special rights or restrictions attaching to any class of shares, at a general meeting, every member present in person has, upon a show of hands, one vote and, on a poll, every member who is present in person or by proxy has one vote for each share. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the share. Under the UK Companies Act, members are entitled to appoint a proxy, who need not be a member of Investec plc, to exercise all or any of their rights to attend and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint an individual to act on its behalf at a general meeting or class meeting as a corporate representative. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of Investec plc.

Restrictions on voting

No member shall be entitled to vote either in person or by proxy at any general meeting or class meeting in respect of any shares held by them if any call or other sum then payable by them in respect of that share remains unpaid. In addition, no member shall be entitled to vote if they have been served with a notice after failure to provide Investec plc with information concerning interests in those shares required to be provided under the UK Companies Act.

Deadlines for exercising voting rights

Votes are exercisable at a general meeting of Investec plc in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representatives. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to the UK Companies Act, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting the quorum shall be two persons or, if there is only one holder, that holder at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them. Where, under the company's share incentive plan, participants are the beneficial owners of the shares, but not the registered owners, the participants are not entitled to exercise any voting rights until the shares are released to the participants. Under the company's employee trust, the trustee does not vote in respect of unallocated shares.

Transfer of shares

All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. Transfers of shares which are in uncertificated form are effected by means of the CREST system. The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason, refuse to register any transfer of shares (not being fully paid shares), provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly. If the directors refuse to register an allotment or transfer they shall within two months after the date on which the letter of allotment or transfer was lodged with Investec plc send to the allottee or transferee a notice of the refusal. The directors may decline to recognise any instrument of transfer unless the instrument of transfer is in respect of only one class of share and, when submitted for registration, is accompanied by the relevant share certificates and such other evidence as the directors may reasonably require. Subject to the UK Companies Act and regulations and applicable CREST rules, the directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of the CREST system or that shares of any class should cease to be so held and transferred.

A number of the company's employee share plans include restrictions on transfer of shares while the shares are subject to the plans, in particular, the share incentive plan.

Plc preference shares

The following are the rights and privileges which attach to the plc preference shares:

- On a return of capital, whether or not on a winding up (but not on a redemption or purchase of any shares by Investec plc) or otherwise, the plc preference shares will rank, *pari passu inter se* and with the most senior ranking preference shares of Investec plc in issue (if any) from time-to-time and with any other shares of Investec plc that are expressed to rank *pari passu* herewith as regards to participation in the capital, and otherwise in priority to any other class of shares of Investec plc
- Investec plc may, at its option, redeem all or any of the plc preference shares for the time being issued and outstanding on the first call date or any dividend payment date thereafter
- Holders of plc preference shares will not be entitled to attend and vote at general meetings of Investec plc. Holders will be entitled to attend and vote at a class meeting of holders of plc preference shares.

Non-redeemable, non-cumulative, non-participating preference shares

The following are the rights and privileges which attach to the perpetual preference shares:

- Each perpetual preference share will rank as regards to dividends and a repayment of capital on the winding up of Investec plc prior to the ordinary shares, the plc special converting shares, the UK DAN share, the UK DAS share, but *pari passu* with the plc preference shares. The perpetual preference shares shall confer on the holders, on a per perpetual preference share and equal basis, the right to a return of capital on the winding up of Investec plc of an amount equal to the aggregate of the nominal value and premiums in respect of perpetual preference shares issued, divided by the number of perpetual preference shares in issue
- Each perpetual preference share may confer upon the holder thereof the right to receive out of the profits of Investec plc which it shall determine to distribute, in priority to the ordinary shares, the plc special converting shares, the UK DAN share and the UK DAS share, but *pari passu* with the plc preference shares, the preference dividend calculated in accordance with the Articles
- The holders of the perpetual preference shares shall be entitled to receive notice of and be present but not to vote, either in person or by proxy, at any meeting of Investec plc, by virtue of or in respect of the perpetual preference shares, unless either or both of the following circumstances prevail at the date of the meeting:
  - The preference dividend or any part thereof remains in arrears and unpaid as determined in accordance with the Articles after six months from the due date thereof; and/or
  - A resolution of Investec plc is proposed which directly affects the rights attached to the perpetual preference shares or the interests of the holders thereof, or a resolution of Investec plc is proposed to wind up or in relation to the winding up of Investec plc or for the reduction of its capital;

  in which event the preference shareholders shall be entitled to vote only on such resolution.

Rand-denominated non-redeemable, non-cumulative, non-participating perpetual preference shares (the ZAR perpetual preference shares)

The ZAR perpetual preference shares are subject to substantially similar terms and conditions as the existing Pounds Sterling non-redeemable, non-cumulative, non-participating preference shares, as outlined above, save that they are denominated in South African Rands.

Shares required for the DLC structure

Investec SSC (UK) Limited, a UK trust company, specially formed for the purpose of the DLC structure, holds the plc special voting share, the plc special converting shares, the UK DAN share and the UK DAS share. These shares can only be transferred to another UK trust company, in limited circumstances.

The plc special voting shares are specially created shares so that shareholders of both Investec plc and Investec Limited effectively vote together as a single decision-making body on matters affecting shareholders of both companies in similar ways, as set out in the Articles.

Prior to a change of control, approval of termination of the sharing agreement (which regulates the DLC), liquidation or insolvency of Investec plc, the plc special converting shares have no voting rights, except in relation to a resolution proposing the:

(i) variation of the rights attaching to the shares or

(ii) winding up, and they have no rights to dividends. The special converting shares are held on trust for the Investec Limited ordinary shareholders. Investec plc and Investec Limited have established dividend access trust arrangements as part of the DLC.

Investec plc has issued two dividend access shares, the UK DAS share and UK DAN share which enables Investec plc to pay dividends to the shareholders of Investec Limited. This facility may be used by the board to address imbalances in the distributable reserves of Investec plc and Investec Limited and/or to address the effects of South African exchange controls and/or if they otherwise consider it necessary or desirable.

Appointment and replacement of directors

Directors shall be no less than four and no more than 20 in number. Investec plc may by special resolution increase or reduce the maximum or minimum number of directors. For details regarding the shareholding requirements for executive directors of Investec plc, once appointed, please refer to the page 181 of the remuneration report in volume one of the Investec group's 2020 integrated annual report.

Powers of directors

Subject to the Articles, the UK Companies Act, the CREST regulations and every other statute for the time being in force concerning companies and affecting Investec plc, and any directions given by ordinary or special resolution, the business of Investec plc will be managed by the board who may exercise all the powers of Investec plc.

The board may exercise all the powers of Investec plc to borrow money and to mortgage or charge any of its undertaking, property, assets and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of Investec plc or of any third party.

Significant agreements: change of control

The Articles of Investec plc and the Memorandum of Incorporation of Investec Limited ensure that a person cannot make an offer for one company without having made an equivalent offer to the shareholders of both companies on equivalent terms.

A director is not required to hold any shares of Investec plc by way of qualification.

Pursuant to the terms of the agreements establishing the DLC structure, if either Investec plc or Investec Limited serves written notice on the other at any time after either party becomes a subsidiary of the other party or after both Investec plc and Investec Limited become subsidiaries of a third party, the agreements establishing the DLC structure will terminate.

All of Investec plc's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control and, where applicable, subject to the satisfaction of any performance conditions at that time.

For the year to 31 March £'000	2020	2019*
Interest income	2 698 420	2 631 822
Interest income calculated using effective interest rate	2 367 808	2 383 079
Other interest income	330 612	248 743
Interest expense	(1 845 416)	(1 815 173)
Net interest income	**853 004**	**816 649**
Fee and commission income	837 590	831 663
Fee and commission expense	(47 118)	(39 005)
Investment income	39 268	107 819
Share of post taxation profit of associates and joint venture holdings	27 244	68 167
Trading income arising from		
– customer flow	63 254	120 662
– balance sheet management and other trading activities	26 720	36 829
Other operating income	6 877	11 036
Total operating income before expected credit loss impairment charges	**1 806 839**	**1 953 820**
Expected credit loss impairment charges	(133 301)	(66 458)
Operating income	**1 673 538**	**1 887 362**
Operating costs	(1 185 020)	(1 274 517)
Depreciation on operating leased assets	(1 407)	(2 157)
Operating profit before goodwill, acquired intangibles and strategic actions	**487 111**	**610 688**
Impairment of goodwill	(145)	(155)
Impairment of associates and joint venture holdings	(45 400)	–
Amortisation of acquired intangibles	(16 104)	(15 816)
Closure and rundown of the Hong Kong direct investments business	(89 257)	(65 593)
Operating profit	**336 205**	**529 124**
Financial impact of group restructures	(25 725)	(14 591)
Profit before taxation from continuing operations	**310 480**	**514 533**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(54 690)	(49 128)
Taxation on acquired intangibles and strategic actions	21 693	18 399
Profit after taxation from continuing operations	**277 483**	**483 804**
Profit after taxation from discontinued operations	954 979	134 377
Profit after taxation	**1 232 462**	**618 181**
Profit attributable to other non-controlling interests	(67 952)	(58 192)
Profit attributable to non-controlling interests of discontinued operations	(29 347)	(25 658)
Earnings attributable to shareholders	**1 135 163**	**534 331**
Earnings per share – Total group – pence	**115.3**	**52.0**
Diluted earnings per share – Total group – pence	**114.4**	**50.9**
Earnings per share from continuing operations – pence	**17.5**	**40.4**
Diluted earnings per share from continuing operations – pence	**17.3**	**39.6**

* *The year to 31 March 2019 has been re-presented to reflect the discontinued operations (refer to pages 194 to 195) and financial impact of strategic actions (refer to page 52).*

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year to 31 March £'000	2020	2019*
Profit after taxation from continuing operations	277 483	483 804
Other comprehensive (loss)/ income from continuing operations:		
Items that may be reclassified to the income statement		
Fair value movements on cash flow hedges taken directly to other comprehensive income	(40 304)	1 797
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(139 977)	(12 918)
Gain on realisation of debt instruments at FVOCI recycled through the income statement	(5 503)	(7 116)
Foreign currency adjustments on translating foreign operations	(314 078)	(293 574)
Items that will never be reclassified to the income statement		
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	(1 761)	(1 572)
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	(3 931)	–
Remeasurement of net defined benefit pension liability	(1 217)	(1 924)
Movement in post retirement benefit liabilities	51	–
Net gain attributable to own credit risk	9 515	8 887
Total comprehensive (loss)/income from continuing operations	**(219 722)**	**177 384**
Total comprehensive (loss)/income attributable to ordinary shareholders from continuing operations	(235 960)	151 177
Total comprehensive loss attributable to non-controlling interests from continuing operations	(28 022)	(18 560)
Total comprehensive income attributable to perpetual preferred securities from continuing operations	44 260	44 767
Total comprehensive (loss)/income from continuing operations	**(219 722)**	**177 384**
Profit after taxation from discontinued operations	954 979	134 377
Other comprehensive income from discontinued operations:		
Items that will never be reclassified to the income statement		
Foreign currency adjustments on translating foreign operations	(13 980)	(9 024)
Total comprehensive income from discontinued operations	**940 999**	**125 353**
Total comprehensive income attributable to ordinary shareholders from discontinued operations	914 448	101 500
Total comprehensive income attributable to non-controlling interests from discontinued operations	26 551	23 853
Total comprehensive income from discontinued operations	**940 999**	**125 353**
Profit after taxation from the total group	1 232 462	618 181
Other comprehensive income from the total group:		
Items that may be reclassified to the income statement		
Fair value movements on cash flow hedges taken directly to other comprehensive income	(40 304)	1 797
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	(139 977)	(12 918)
Gain on realisation of debt instruments at FVOCI recycled through the income statement	(5 503)	(7 116)
Foreign currency adjustments on translating foreign operations	(328 058)	(302 598)
Items that will never be reclassified to the income statement		
Effect of rate change on deferred taxation relating to adjustment for IFRS 9	(1 761)	(1 572)
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	(3 931)	–
Re-measurement of net defined benefit pension asset	(1 217)	(1 924)
Movement in post retirement benefit liabilities	51	–
Net gain attributable to own credit risk	9 515	8 887
Total comprehensive income from the total group	**721 277**	**302 737**
Total comprehensive income attributable to ordinary shareholders	678 488	252 677
Total comprehensive (loss)/income attributable to non-controlling interests	(1 471)	5 293
Total comprehensive income attributable to perpetual preferred securities	44 260	44 767
Total comprehensive income from the total group	**721 277**	**302 737**

* *The year to 31 March 2019 has been re-presented to reflect the discontinued operations as shown on page 52.*

COMBINED CONSOLIDATED BALANCE SHEET

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At 31 March £'000	2020	2019
Assets		
Cash and balances at central banks	3 932 048	4 992 820
Loans and advances to banks	2 666 851	2 322 821
Non-sovereign and non-bank cash placements	632 610	648 547
Reverse repurchase agreements and cash collateral on securities borrowed	2 964 603	1 768 748
Sovereign debt securities	4 593 893	4 538 223
Bank debt securities	604 921	717 313
Other debt securities	1 430 419	1 220 651
Derivative financial instruments	2 034 399	1 034 166
Securities arising from trading activities	1 044 445	1 859 254
Investment portfolio	998 935	1 028 976
Loans and advances to customers	24 588 074	24 534 753
Own originated loans and advances to customers securitised	324 638	407 869
Other loans and advances	132 486	195 693
Other securitised assets	134 865	133 804
Interests in associated undertakings	701 311	387 750
Deferred taxation assets	265 896	248 893
Other assets	1 934 428	1 735 956
Property and equipment	356 573	261 650
Investment properties	863 864	994 645
Goodwill	270 625	366 870
Intangible assets	86 300	107 237
Non-current assets classified as held for sale	58 905	–
	50 621 089	**49 506 639**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	35 227	8 217 573
	50 656 316	**57 724 212**
Liabilities		
Deposits by banks	3 498 254	3 016 306
Derivative financial instruments	2 248 849	1 277 233
Other trading liabilities	509 522	672 405
Repurchase agreements and cash collateral on securities lent	1 577 346	1 105 063
Customer accounts (deposits)	32 220 976	31 307 107
Debt securities in issue	1 737 191	3 073 320
Liabilities arising on securitisation of own originated loans and advances	76 696	91 522
Liabilities arising on securitisation of other assets	110 679	113 711
Current taxation liabilities	51 308	162 448
Deferred taxation liabilities	44 788	23 590
Other liabilities	2 211 487	1 765 649
	44 287 096	**42 608 354**
Liabilities to customers under investment contracts	32 845	8 214 634
Insurance liabilities, including unit-linked liabilities	2 382	2 939
	44 322 323	**50 825 927**
Subordinated liabilities	1 436 361	1 647 271
	45 758 684	**52 473 198**
Equity		
Ordinary share capital	247	245
Perpetual preference share capital	31	31
Share premium	1 686 339	2 471 506
Treasury shares	(272 881)	(189 134)
Other reserves	(976 297)	(577 491)
Retained income	3 593 384	2 611 256
Shareholders' equity excluding non-controlling interests	**4 030 823**	**4 316 413**
Other Additional Tier 1 securities in issue	295 593	303 728
Non-controlling interests	571 216	630 873
– Perpetual preferred securities issued by subsidiaries	69 259	81 616
– Non-controlling interests in partially held subsidiaries	501 957	549 257
Total equity	**4 897 632**	**5 251 014**
Total liabilities and equity	**50 656 316**	**57 724 212**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£'000	Ordinary share capital	Perpetual preference share capital	Share premium	Treasury shares
At 1 April 2018	**240**	**31**	**2 416 736**	**(160 132)**
Movement in reserves 1 April 2018 – 31 March 2019				
Profit after taxation	–	–	–	–
Effect of rate change on deferred taxation relating to adjustment for IFRS9	–	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–	–
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	–	–	–	–
Gain on realisation of FVOCI recycled through the income statement	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	(22 187)	–
Gains attributable to own credit risk	–	–	–	–
Remeasurement of net defined pension asset	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**(22 187)**	**–**
Issue of ordinary shares	5	–	108 409	–
Issue of Other Additional Tier 1 security instruments	–	–	–	–
Net equity movements in interests in associated undertakings	–	–	–	–
Movement of treasury shares	–	–	(31 452)	(72 389)
Share-based payments adjustments	–	–	–	–
Transfer from share-based payments reserve to treasury shares	–	–	–	43 387
Transfer from regulatory general risk reserves	–	–	–	–
Transfer from own credit reserve on sale of subordinated liabilities	–	–	–	–
Partial disposal of group operations	–	–	–	–
Issue of equity by subsidiaries	–	–	–	–
Transfer from retained income to non-controlling interests	–	–	–	–
Dividends declared to other equity holders including other Additional Tier 1 securities	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 securities	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
At 31 March 2019	**245**	**31**	**2 471 506**	**(189 134)**
Movement in reserves 1 April 2019 – 31 March 2020				
Profit after taxation	–	–	–	–
Effect of rate change on deferred taxation relating to adjustment for IFRS9	–	–	–	–
Fair value movements on cash flow hedges taken directly to other comprehensive income	–	–	–	–
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	–	–	–	–
Gain on realisation of debt instruments at FVOCI recycled through the income statement	–	–	–	–
Fair value movements on equity instruments at FVOCI taken directly to other comprehensive income	–	–	–	–
Foreign currency adjustments on translating foreign operations	–	–	(25 638)	–
Net loss attributable to own credit risk	–	–	–	–
Remeasurement of net defined benefit pension liability	–	–	–	–
Movement in post retirement benefit liabilities	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**(25 638)**	**–**
Issue of ordinary shares	2	–	64 645	–
Net equity movements in interests in associated undertakings	–	–	–	–
Movement of treasury shares	–	–	–	(102 446)
Share-based payments adjustments	–	–	–	–
Transfer from share-based payments reserve to treasury shares	–	–	–	18 699
Transfer from regulatory general risk reserves	–	–	–	–
Capital reduction			(615 797)	
Non-controlling interest relating to disposal of subsidiaries	–	–	–	–
Movement in non-controlling interests due to share issues in subsidiary	–	–	–	–
Employee benefit liability recognised	–	–	–	–
Dividends declared to other equity holders including other Additional Tier 1 securities	–	–	–	–
Dividends paid to perpetual preference shareholders included in non-controlling interests and Other Additional Tier 1 securities	–	–	–	–
Dividends paid to ordinary shareholders	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Distribution to shareholders	–	–	(208 377)	–
At 31 March 2020	**247**	**31**	**1 686 339**	**(272 881)**

	Other reserves									
Capital reserve account	Fair value reserve	Regulatory general risk reserve	Cash flow hedge reserve	Foreign currency reserve	Own credit risk reserve	Retained income	**Shareholders' equity excluding non-controlling interests**	Other Additional Tier 1 securities in issue	Non-controlling interests	**Total equity**
10 447	**18 123**	**37 868**	**(60 637)**	**(358 862)**	**(53 657)**	**2 326 212**	**4 176 369**	**304 150**	**682 064**	**5 162 583**
–	–	–	–	–	–	534 331	534 331	–	83 850	618 181
–	(47)	–	–	–	(817)	(708)	(1 572)	–	–	(1 572)
–	–	–	1 797	–	–	–	1 797	–	–	1 797
–	(12 918)	–	–	–	–	–	(12 918)	–	–	(12 918)
–	(7 116)	–	–	–	–	–	(7 116)	–	–	(7 116)
–	1	–	–	(193 848)	–	(1 733)	(217 767)	(6 274)	(78 557)	(302 598)
–	–	–	–	–	8 887	–	8 887	–	–	8 887
–	–	–	–	–	–	(1 924)	(1 924)	–	–	(1 924)
–	**(20 080)**	**–**	**1 797**	**(193 848)**	**8 070**	**529 966**	**303 718**	**(6 274)**	**5 293**	**302 737**
–	–	–	–	–	–	–	108 414	–	–	108 414
–	–	–	–	–	–	–	–	5 852	–	5 852
–	–	–	–	–	–	(5 671)	(5 671)	–	–	(5 671)
–	–	–	–	–	–	–	(103 841)	–	–	(103 841)
–	–	–	–	–	–	72 714	72 714	–	–	72 714
–	–	–	–	–	–	(43 387)	–	–	–	–
–	–	7 564	–	–	–	(7 564)	–	–	–	–
–	–	–	–	–	25 724	(25 724)	–	–	–	–
–	–	–	–	–	–	(690)	(690)	–	690	–
–	–	–	–	–	–	–	–	–	4 319	4 319
–	–	–	–	–	–	48 239	48 239	–	2 404	50 643
–	–	–	–	–	–	(44 767)	(44 767)	22 727	7 298	(14 742)
–	–	–	–	–	–	–	–	(22 727)	(7 298)	(30 025)
–	–	–	–	–	–	(238 072)	(238 072)	–	–	(238 072)
–	–	–	–	–	–	–	–	–	(63 897)	(63 897)
10 447	**(1 957)**	**45 432**	**(58 840)**	**(552 710)**	**(19 863)**	**2 611 256**	**4 316 413**	**303 728**	**630 873**	**5 251 014**
–	–	–	–	–	–	1 135 163	1 135 163	–	97 299	1 232 462
–	(1 514)	–	–	–	(247)	–	(1 761)	–	–	(1 761)
–	–	–	(40 304)	–	–	–	(40 304)	–	–	(40 304)
–	(139 977)	–	–	–	–	–	(139 977)	–	–	(139 977)
–	(5 503)	–	–	–	–	–	(5 503)	–	–	(5 503)
–	(3 931)	–	–	–	–	–	(3 931)	–	–	(3 931)
–	–	–	–	(195 515)	–	–	(221 153)	(8 135)	(98 770)	(328 058)
–	–	–	–	–	9 515	–	9 515	–	–	9 515
–	–	–	–	–	–	(1 217)	(1 217)			(1 217)
–	–	–	–	–	–	51	51	–	–	51
–	**(150 925)**	**–**	**(40 304)**	**(195 515)**	**9 268**	**1 133 997**	**730 883**	**(8 135)**	**(1 471)**	**721 277**
–	–	–	–	–	–	–	64 647	–	–	64 647
–	–	–	–	–	–	(2 387)	(2 387)	–	–	(2 387)
(18 852)	–	–	–	–	–	–	(121 298)	–	–	(121 298)
–	–	–	–	–	–	46 599	46 599	–	–	46 599
–	–	–	–	–	–	(18 699)	–	–	–	–
–	–	(4 086)	–	–	–	4 086	–	–	–	–
						615 797	–	–	–	–
1 608	–	–	–	–	–	–	1 608	–	(28 708)	(27 100)
–	–	–	–	–	–	(4 372)	(4 372)		49 628	45 256
–	–	–	–	–	–	(14 833)	(14 833)	–	–	(14 833)
–	–	–	–	–	–	(44 260)	(44 260)	22 394	7 009	(14 857)
–	–	–	–	–	–	–	–	(22 394)	(7 009)	(29 403)
–	–	–	–	–	–	(244 323)	(244 323)	–	–	(244 323)
–	–	–	–	–	–	–	–	–	(79 106)	(79 106)
–	–	–	–	–	–	(489 477)	(697 854)	–	–	(697 854)
(6 797)	**(152 882)**	**41 346**	**(99 144)**	**(748 225)**	**(10 595)**	**3 593 384**	**4 030 823**	**295 593**	**571 216**	**4 897 632**

CONSOLIDATED CASH FLOW STATEMENTS

At 31 March £'000	2020	2019
Cash flows from operating activities		
Operating profit adjusted for non-cash and non-operating items	761 906	814 089
Taxation paid	(214 094)	(116 212)
Increase in operating assets	(5 795 856)	(3 283 153)
Increase in operating liabilities	5 715 897	3 990 382
Net cash inflow from operating activities	**467 853**	**1 405 106**
Cash flows from investing activities		
Cash outflow on disposal of group operations	(46 582)	–
Cash inflow on disposal of group operations	43 858	–
Derecognition of cash on disposal of subsidiaries and demerger of business	(267 863)	–
Cash outflow on acquisition of associates and joint venture holdings	(48 477)	(2 271)
Cash flow on disposal of associates and joint venture holdings	652	27 430
Cash flow on acquisition of property, equipment and intangible assets	(38 847)	(95 819)
Cash flow on disposal of property, equipment and intangible assets	6 404	5 235
Net cash outflow from investing activities	**(350 855)**	**(65 425)**
Cash flows from financing activities		
Dividends paid to ordinary shareholders	(244 323)	(238 072)
Dividends paid to other equity holders	(123 366)	(105 457)
Proceeds on issue of shares, net of issue costs	64 647	108 414
Proceeds on issue of Other Additional Tier 1 securities in issue	–	5 852
Cash flow on acquisition of treasury shares, net of related costs	(121 298)	(103 841)
Proceeds on issue of other equity instruments and transactions with non-controlling interests	1 608	54 962
Proceeds from partial disposal of subsidiaries	45 256	–
Proceeds on subordinated debt raised	–	462 734
Repayment of subordinated debt	(169 028)	(402 619)
Lease liabilities paid	(56 743)	–
Net cash outflow from financing activities	**(603 247)**	**(218 027)**
Effects of exchange rates on cash and cash equivalents	**(435 149)**	**(136 927)**
Net (decrease)/increase in cash and cash equivalents	**(921 398)**	**984 727**
Cash and cash equivalents at the beginning of the year	7 115 106	6 130 379
Cash and cash equivalents at the end of the year	**6 193 708**	**7 115 106**
Cash and cash equivalents is defined as including:		
Cash and balances at central banks	3 932 048	4 992 820
On demand loans and advances to banks	1 627 356	1 472 360
Non-sovereign and non-bank cash placements	632 610	648 547
Expected credit loss on cash and cash equivalents	1 694	1 379
Cash and cash equivalents at the end of the year	**6 193 708**	**7 115 106**

Cash and cash equivalents are defined as including cash and balances at central banks, on demand loans and advances to banks and non-sovereign and non-bank cash placements (all of which have a maturity profile of less than three months).

Cash flows from discontinued operations

Cash inflows from operating activities of £105.9 million (2019: £43.9 million), cash outflows from investing activities of £16.3 million (2019:£6.4 million) and cash outflows from financing activities of £100.4 million (2019: £75.1 million) were incurred in the year relating to discontinued operations. Cash flows from discontinued operations have been included in the consolidated statement of cash flow above.

Basis of presentation

The group annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) which comply with IFRSs as issued by the International Accounting Standards Board (IASB). At 31 March 2020, IFRS as endorsed by the EU are identical in all material respects to current IFRS applicable to the group, with differences only in the effective dates of certain standards.

As stated on page 146, the directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The group has elected to separately disclose the financial impact of a number of strategic actions as the financial impact from group restructures and the rundown of portfolios where operations have ceased. Due to the significant change in the nature of the entity's operations, the group considers it appropriate to present the information on a like-for-like basis, resulting in reclassifications for related items which were previously included in operating income and operating costs in the income statement. In addition, the Asset Management business has been disclosed as a discontinued operation and the income statement for the prior period has been appropriately re-presented. Further details are given on pages 51 and 52.

The accounting policies adopted by the group are consistent with the prior year except as noted below.

On 1 April 2019 the group adopted IFRS 16 Leases which replaced IAS 17 Leases. The group's accounting as a lessor under IFRS 16 is substantially unchanged from its approach under IAS 17, apart from certain subleases which are now classified as finance lease receivables. For lessees, IFRS 16 removes the distinction between finance and operating leases and introduces a single lease accounting model that will with some limited exemptions, apply to all leases and result in bringing them on balance sheet.

The implementation and impact of IFRS 16 is included on page 201. As permitted by IFRS 16, the group has applied a modified retrospective basis and therefore comparative information has not been restated.

Additionally, an amendment to IAS 12, effective for annual reporting periods beginning on or after 1 January 2019, is applied to the income tax consequences of distributions recognised on or after the beginning of the earliest comparative period. As a result of the tax relief of all payments on financial instruments that are classified as equity for accounting purposes previously taken directly to retained profits, will now be reported as a reduction to the tax charge in the income statement. Comparatives have been restated.

In addition to the changes noted above, IFRS 9, IAS 39 and IFRS 7 are all currently being reviewed as a result of planned reforms to interest rate benchmarks.

This is a global initiative to replace or reform interbank offered rates (IBORs) that are used to determine interest cash flows on financial instruments such as loans to customers, debt securities and derivatives.

Consequently, financial contracts referencing these benchmarks with a maturity beyond 2021 may need to be amended to reference the alternative risk free rates ('RFR') in the applicable currency. There remain many uncertainties associated with the IBOR transition, including the prospective assessment of hedge accounting effectiveness.

The IFRS amendments include reliefs which apply to all hedging relationships that are directly affected by interest rate benchmark reform by allowing entities to assume the benchmark interest rate is not altered as a result of IBOR reform.

Following endorsement of the amendments by the EU, the group has elected to early adopt the interest rate benchmark reform amendments for the current period. The amendments would have otherwise taken mandatory effect 1 January 2020.

This election reduces the effects of potential uncertainty arising from IBOR reform on the current period's financial statements. Had it not made this election, the uncertainty arising from IBOR reform could have resulted in the discontinuation of hedge relationships. The amendments are applied retrospectively to all designated hedge relationships that were either in force as of the start of the reporting period or designated subsequently.

During the period the group has assessed the impact of IBOR reform on the designated hedge relationships and concluded that it was not necessary to apply the reliefs, which the amendments provide.

The reliefs allow the group to assume that the interest rate benchmark on which the cash flows of the hedged item and/or hedging instrument are based is not altered by IBOR reform.

The group expects that the IASB will issue further amendments to these standards concerning the potential financial reporting implications when an existing interest rate benchmark is replaced with an alternative RFR.

The group annual financial statements have been prepared on a historical cost basis, except otherwise indicated.

Presentation of information

Capital disclosures relating to the nature and extent of risks have been included in sections marked as audited in the risk management report on pages 77 to 90 in volume two of the Investec group's 2020 integrated annual report.

Certain disclosures required under IAS 24 Related Party Disclosures have been included in the section marked as audited in the remuneration report on pages 198 to 222 in volume one of the Investec group's 2020 integrated annual report.

Basis of consolidation

Investec consists of two separate legal entities, being Investec plc and Investec Limited that operate under a dual listed company (DLC) structure (group). The effect of the DLC structure is that Investec plc and its subsidiaries and Investec Limited and its subsidiaries operate together as a single economic entity, with neither assuming a dominant role and accordingly are reported as a single reporting entity under IFRS.

All subsidiaries or structured entities are consolidated when the group controls an investee. The group controls an investee if it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial results of subsidiaries are included in the consolidated annual financial statements of the group from the date on which control is obtained until the date the group can no longer demonstrate control.

The group performs a reassessment of control whenever there is a change in the substance of the relationship between Investec and an investee. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The group also holds investments in private equity investments, which give rise to significant, but not majority, voting rights. Assessing these voting rights and whether Investec controls these entities requires judgement that affects the date at which subsidiaries are consolidated or deconsolidated.

Entities, other than subsidiary undertakings, in which the group exercises significant influence over operating and financial policies, are treated as interests in associated undertakings and joint venture holdings. Interests in associated undertakings and joint venture holdings are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. In circumstances where interests in associated undertakings or joint venture holdings arise in which the group has no strategic intention, these investments are classified as 'venture capital' holdings and are designated as held at fair value through profit or loss.

For equity accounted associates and joint venture holdings, the combined consolidated annual financial statements include the attributable share of the results and reserves of associated undertakings and joint venture holdings. The group's interests in associated undertakings and joint venture holdings are included in the consolidated balance sheet at cost plus the post-acquisition changes in the group's share of the net assets of the associated undertakings and joint venture holdings.

After application of the equity method, management evaluates if there is objective evidence that its net investment in the associate or joint venture is impaired.

Because goodwill forms part of the carrying amount of the net investment in an associate or a joint venture is not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets. Instead, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount whenever there is objective evidence that the net investment may be impaired.

The consolidated balance sheet reflects the associated undertakings and joint venture holdings net of accumulated impairment losses.

All intergroup balances, transactions and unrealised gains or losses within the group, are eliminated in full regarding subsidiaries and to the extent of the interest in an associated undertaking and joint venture holdings.

Audit conclusion

These abridge annual financial statements have been extracted from the audited annual financial statements on which Ernst & Young LLP and Ernst & Young Inc. have issued an unmodified audit report. The auditors report on the annual combined consolidated and separate annual financial statements is available for inspection at the companies registered office.

Combined consolidated segmental analysis

For the year to 31 March £'000	UK and Other	Southern Africa	Total group
Segmental geographical and business analysis of adjusted operating profit before goodwill, acquired intangibles, non-operating items, taxation and after other non-controlling interests			
2020			
Wealth & Investment	63 018	26 848	89 866
Specialist Banking	106 735	276 362	383 097
Specialist Banking excluding Group investments	102 644	263 729	366 373
Group Investments	4 091	12 633	16 724
Group costs	(36 288)	(17 516)	(53 804)
Continuing operations adjusted operating profit	**133 465**	**285 694**	**419 159**
Discontinued operations	109 103	80 656	189 759
Total group adjusted operating profit	**242 568**	**366 350**	**608 918**
Other non-controlling interests^			67 952
Operating profit before non controlling interests			**676 870**
2019*			
Wealth & Investment	70 628	26 250	96 878
Specialist Banking	191 632	310 329	501 961
Specialist Banking excluding Group investments	191 632	283 040	474 672
Group Investments	–	27 289	27 289
Group costs	(31 518)	(14 825)	(46 343)
Continuing operations adjusted operating profit	**230 742**	**321 754**	**552 496**
Discontinued operations	107 835	71 527	179 362
Total group adjusted operating profit	**338 577**	**393 281**	**731 858**
Other non-controlling interests^			58 192
Operating profit before non controlling interests			**790 050**

* *Restated as detailed on page 52.*
^ *Profit attributable to other non-controlling interests predominantly relates to the Investec Property Fund Limited.*

Combined consolidated segmental analysis *(continued)*

For the year to 31 March 2020 £'000	UK and Other	Southern Africa	Total
Segmental geographic analysis – income statement			
Continuing operations			
Net interest income	397 385	455 619	853 004
Net fee and commission income	482 200	308 272	790 472
Investment income	6 375	32 893	39 268
Share of post taxation profit of associates and joint venture holdings	9 474	17 770	27 244
Trading income arising from			
– customer flow	50 980	12 274	63 254
– balance sheet management and other trading activities	(537)	27 257	26 720
Other operating income	6 464	413	6 877
Total operating income before expected credit losses	**952 341**	**854 498**	**1 806 839**
Expected credit loss impairment charges	(75 813)	(57 488)	(133 301)
Operating income	**876 528**	**797 010**	**1 673 538**
Operating costs	(740 792)	(444 228)	(1 185 020)
Depreciation on operating leased assets	(1 407)	–	(1 407)
Operating profit before goodwill, acquired intangibles and strategic actions	**134 329**	**352 782**	**487 111**
Profit attributable to other non-controlling interests	(864)	(67 088)	(67 952)
Adjusted operating profit	**133 465**	**285 694**	**419 159**
Impairment of goodwill	–	(145)	(145)
Impairment of associates and joint venture holdings	–	(45 400)	(45 400)
Amortisation of acquired intangibles	(13 206)	(2 898)	(16 104)
Closure and rundown of the Hong Kong direct investments business	(89 257)	–	(89 257)
Financial impact of group restructures	(25 725)	–	(25 725)
Earnings attributable to shareholders before taxation	**5 277**	**237 251**	**242 528**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	706	(55 396)	(54 690)
Taxation on acquired intangibles and strategic actions	20 926	767	21 693
Earnings attributable to shareholders from continuing operations	**26 909**	**182 622**	**209 531**
Discontinued operations			
Profit after taxation from discontinued operations	640 507	314 472	954 979
Profit attributable to non-controlling interests of discontinued operations	(18 106)	(11 241)	(29 347)
Earnings attributable to shareholders	**649 310**	**485 853**	**1 135 163**
Selected returns and key statistics from continuing operations			
ROE (post-tax)^	6.0%	10.7%	8.3%
Return on tangible equity (post-tax)^	7.4%	10.8%	9.2%
Cost to income ratio	78.0%	56.4%	68.2%
Staff compensation to operating income	54.2%	35.9%	45.5%
Adjusted operating profit per employee (£'000)	33.2	59.2	47.4
Effective operational tax rate	(0.6%)	16.5%	11.9%
Total assets (£'million)	24 745	25 911	50 656

^ *Refer to calculation on pages 54 and 55.*

Combined consolidated segmental analysis *(continued)*

For the year to 31 March 2019* £'000	UK and Other	Southern Africa	Total
Segmental geographic analysis – income statement			
Continuing operations			
Net interest income	385 826	430 823	816 649
Net fee and commission income	487 058	305 600	792 658
Investment income	90 533	17 286	107 819
Share of post taxation profit of associates and joint venture holdings	2 950	65 217	68 167
Trading income arising from			
– customer flow	86 766	33 896	120 662
– balance sheet management and other trading activities	12 725	24 104	36 829
Other operating income	10 476	560	11 036
Total operating income before expected credit losses	**1 076 334**	**877 486**	**1 953 820**
Expected credit loss impairment charges	(24 560)	(41 898)	(66 458)
Operating income	**1 051 774**	**835 588**	**1 887 362**
Operating costs	(823 374)	(451 143)	(1 274 517)
Depreciation on operating leased assets	(2 137)	(20)	(2 157)
Operating profit before goodwill, acquired intangibles and strategic actions	**226 263**	**384 425**	**610 688**
Profit attributable to other non-controlling interests	4 479	(62 671)	(58 192)
Adjusted operating profit	**230 742**	**321 754**	**552 496**
Impairment of goodwill	–	(155)	(155)
Amortisation of acquired intangibles	(12 958)	(2 858)	(15 816)
Closure and rundown of the Hong Kong direct investments business	(65 593)	–	(65 593)
Financial impact of group restructures	(14 591)	–	(14 591)
Earnings attributable to shareholders before taxation	**137 600**	**318 741**	**456 341**
Taxation on operating profit before goodwill, acquired intangibles and strategic actions	(29 877)	(19 251)	(49 128)
Taxation on acquired intangibles and strategic actions	17 599	800	18 399
Earnings attributable to shareholders from continuing operations	**125 322**	**300 290**	**425 612**
Discontinued operations			
Profit after taxation from discontinued operations	83 010	51 367	134 377
Profit attributable to non-controlling interests of discontinued operations	(15 942)	(9 716)	(25 658)
Earnings attributable to shareholders	**192 390**	**341 941**	**534 331**
Selected returns and key statistics from continuing operations			
ROE (post-tax)^	10.4%	13.3%	12.0%
Return on tangible equity (post-tax)^	13.0%	13.4%	13.3%
Cost to income ratio	76.3%	55.4%	67.3%
Staff compensation to operating income	54.7%	36.8%	46.6%
Adjusted operating profit per employee (£'000)	57.2	68.2	63.1
Effective operational tax rate	13.4%	6.0%	9.1%
Total assets (£'million)	22 565	35 159	57 724

* *The year to 31 March 2019 has been re-presented to reflect the discontinued operations refer to pages 194 and 195 and financial impact of strategic actions refer to page 52.*

^ *Refer to calculation on pages 54 and 55.*

Combined consolidated segmental analysis *(continued)*

For the year to 31 March 2020 £'000	Wealth & Investment UK and Other	Wealth & Investment Southern Africa	Wealth & Investment Total	Specialist Banking UK and Other	Specialist Banking Southern Africa	Specialist Banking Total
Segmental business and geographic analysis – income statement						
Net interest income	12 604	3 940	16 544	384 781	451 679	836 460
Net fee and commission income	304 412	84 173	388 585	177 788	224 099	401 887
Investment income	(436)	(148)	(584)	6 811	33 041	39 852
Share of post taxation profit of associates and joint venture holdings	–	–	–	9 474	17 770	27 244
Trading income arising from						
– customer flow	862	(186)	676	50 118	12 460	62 578
– balance sheet management and other trading activities	108	(29)	79	(645)	27 286	26 641
Other operating income	181	–	181	6 283	413	6 696
Total operating income before expected credit losses	**317 731**	**87 750**	**405 481**	**634 610**	**766 748**	**1 401 358**
Expected credit loss impairment charges	1	–	1	(75 814)	(57 488)	(133 302)
Operating income	**317 732**	**87 750**	**405 482**	**558 796**	**709 260**	**1 268 056**
Operating costs	(254 714)	(60 902)	(315 616)	(449 790)	(365 810)	(815 600)
Depreciation on operating leased assets	–	–	–	(1 407)	–	(1 407)
Operating profit before goodwill, acquired intangibles and strategic actions from continuing operations	**63 018**	**26 848**	**89 866**	**107 599**	**343 450**	**451 049**
Profit attributable to other non-controlling interests	–	–	–	(864)	(67 088)	(67 952)
Adjusted operating profit from continuing operations	**63 018**	**26 848**	**89 866**	**106 735**	**276 362**	**383 097**
Operating profit before strategic actions from discontinued operations	–	–	–	–	–	–
Profit attributable to non-controlling interests of discontinued operations	–	–	–	–	–	–
Operating profit before goodwill, acquired intangibles, strategic actions and after non-controlling interests	**63 018**	**26 848**	**89 866**	**106 735**	**276 362**	**383 097**
Selected returns and key statistics from continuing operations						
ROE (post-tax)^	20.4%	91.1%	26.7%	6.3%	10.5%	8.6%
Return on tangible equity (post-tax)^	60.1%	98.9%	68.2%	6.6%	10.6%	8.8%
Cost to income ratio	80.2%	69.4%	77.8%	71.1%	52.3%	61.2%
Staff compensation to operating income	58.3%	43.1%	55.1%	49.0%	35.0%	44.4%
Adjusted operating profit per employee (£'000)	42.6	65.8	47.6	37.8	66.8	55.1
Total assets (£'million)	986	332	1 318	23 759	25 579	49 338

^ *Refer to calculation on pages 56 and 57 in volume one.*

Group costs			Total		
UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**
–	–	–	397 385	455 619	853 004
–	–	–	482 200	308 272	790 472
–	–	–	6 375	32 893	39 268
–	–	–	9 474	17 770	27 244
–	–	–	50 980	12 274	63 254
–	–	–	(537)	27 257	26 720
–	–	–	6 464	413	6 877
–	**–**	**–**	**952 341**	**854 498**	**1 806 839**
–	–	–	(75 813)	(57 488)	(133 301)
–	**–**	**–**	**876 528**	**797 010**	**1 673 538**
(36 288)	(17 516)	(53 804)	(740 792)	(444 228)	(1 185 020)
–	–	–	(1 407)	–	(1 407)
(36 288)	**(17 516)**	**(53 804)**	**134 329**	**352 782**	**487 111**
–	–	–	(864)	(67 088)	(67 952)
(36 288)	**(17 516)**	**(53 804)**	**133 465**	**285 694**	**419 159**
–	–	–	109 103	80 656	189 759
–	–	–	(18 106)	(11 241)	(29 347)
(36 288)	**(17 516)**	**(53 804)**	**224 462**	**355 109**	**579 571**
n/a	n/a	n/a	6.0%	10.7%	8.3%
n/a	n/a	n/a	7.4%	10.8%	9.2%
n/a	n/a	n/a	78.0%	56.4%	68.2%
n/a	n/a	n/a	54.2%	35.9%	45.5%
n/a	n/a	n/a	33.2	59.2	47.4
n/a	n/a	n/a	24 745	25 911	50 656

Combined consolidated segmental analysis *(continued)*

	Wealth & Investment			Specialist Banking		
For the year to 31 March 2019* £'000	UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**
Segmental business and geographic analysis – income statement						
Net interest income	9 189	5 027	14 216	376 637	425 796	802 433
Net fee and commission income	305 346	79 015	384 361	181 712	226 585	408 297
Investment income	1 185	305	1 490	89 348	16 981	106 329
Share of post taxation profit of associates and joint venture holdings	–	–	–	2 950	65 217	68 167
Trading income arising from						
– customer flow	793	58	851	85 973	33 838	119 811
– balance sheet management and other trading activities	(1)	70	69	12 726	24 034	36 760
Other operating income	342	1	343	10 134	559	10 693
Total operating income before expected credit losses	**316 854**	**84 476**	**401 330**	**759 480**	**793 010**	**1 552 490**
Expected credit loss impairment charges	(24)	–	(24)	(24 536)	(41 898)	(66 434)
Operating income	**316 830**	**84 476**	**401 306**	**734 944**	**751 112**	**1 486 056**
Operating costs	(246 202)	(58 226)	(304 428)	(545 654)	(378 092)	(923 746)
Depreciation on operating leased assets	–	–	–	(2 137)	(20)	(2 157)
Operating profit before goodwill, acquired intangibles and strategic actions	**70 628**	**26 250**	**96 878**	**187 153**	**373 000**	**560 153**
Profit attributable to other non-controlling interests	–	–	–	4 479	(62 671)	(58 192)
Adjusted operating profit from continuing operations	**70 628**	**26 250**	**96 878**	**191 632**	**310 329**	**501 961**
Adjusted operating profit from discontinued operations	–	–	–	–	–	–
Profit attributable to non-controlling interests of discontinued operations	–	–	–	–	–	–
Operating profit before goodwill, acquired intangibles, strategic actions and after non-controlling interests	**70 628**	**26 250**	**96 878**	**191 632**	**310 329**	**501 961**
Selected returns and key statistics from continuing operations						
ROE (post-tax)^	24.6%	118.2%	32.8%	11.2%	12.8%	12.2%
Return on tangible equity (post-tax)^	23.7%	114.3%	31.6%	13.1%	12.9%	13.0%
Cost to income ratio	77.7%	68.9%	75.9%	71.6%	51.8%	61.9%
Staff compensation to operating income	57.6%	42.9%	54.5%	50.8%	36.2%	43.4%
Adjusted operating profit per employee (£'000)	47.6	66.9	51.6	67.8	76.7	73
Total assets (£'million)	865	499	1 364	21 159	26 351	47 510

* *The year to 31 March 2019 has been re-presented to reflect the discontinued operations refer to pages 194 and 195 and financial impact of strategic actions refer to page 52.*

^ *Refer to calculation on pages 56 and 57.*

Group costs			Total		
UK and Other	Southern Africa	**Total**	UK and Other	Southern Africa	**Total**
–	–	–	385 826	430 823	816 649
–	–	–	487 058	305 600	792 658
–	–	–	90 533	17 286	107 819
–	–	–	2 950	65 217	68 167
–	–	–	86 766	33 896	120 662
–	–	–	12 725	24 104	36 829
–	–	–	10 476	560	11 036
–	**–**	**–**	**1 076 334**	**877 486**	**1 953 820**
–	–	–	(24 560)	(41 898)	(66 458)
–	**–**	**–**	**1 051 774**	**835 588**	**1 887 362**
(31 518)	(14 825)	(46 343)	(823 374)	(451 143)	(1 274 517)
–	–	–	(2 137)	(20)	(2 157)
(31 518)	**(14 825)**	**(46 343)**	**226 263**	**384 425**	**610 688**
–	–	–	4 479	(62 671)	(58 192)
(31 518)	**(14 825)**	**(46 343)**	**230 742**	**321 754**	**552 496**
–	–	–	107 835	71 527	179 362
–	–	–	(15 942)	(9 716)	(25 658)
(31 518)	**(14 825)**	**(46 343)**	**322 635**	**383 565**	**706 200**
n/a	n/a	n/a	10.4%	13.3%	12.0%
n/a	n/a	n/a	13.0%	13.4%	13.3%
n/a	n/a	n/a	76.3%	55.4%	67.3%
n/a	n/a	n/a	54.7%	36.8%	46.6%
n/a	n/a	n/a	57.2	68.2	63.1
n/a	n/a	n/a	22 565	35 159	57 724

Combined consolidated segmental analysis *(continued)*

At 31 March 2020 **£'000**	UK and Other	Southern Africa	**Total**
Segmental geographic analysis – balance sheet assets and liabilities			
Assets			
Cash and balances at central banks	2 277 318	1 654 730	3 932 048
Loans and advances to banks	1 784 971	881 880	2 666 851
Non-sovereign and non-bank cash placements	–	632 610	632 610
Reverse repurchase agreements and cash collateral on securities borrowed	1 627 246	1 337 357	2 964 603
Sovereign debt securities	1 688 670	2 905 223	4 593 893
Bank debt securities	51 238	553 683	604 921
Other debt securities	647 778	782 641	1 430 419
Derivative financial instruments	1 247 518	786 881	2 034 399
Securities arising from trading activities	576 493	467 952	1 044 445
Investment portfolio	376 239	622 696	998 935
Loans and advances to customers	11 871 849	12 716 225	24 588 074
Own originated loans and advances to customers securitised	–	324 638	324 638
Other loans and advances	121 559	10 927	132 486
Other securitised assets	112 440	22 425	134 865
Interests in associated undertakings	279 736	421 575	701 311
Deferred taxation assets	130 656	135 240	265 896
Other assets	1 401 461	532 967	1 934 428
Property and equipment	216 955	139 618	356 573
Investment properties	–	863 864	863 864
Goodwill	261 183	9 442	270 625
Intangible assets	71 954	14 346	86 300
Non-current assets classified as held for sale	–	58 905	58 905
	24 745 264	**25 875 825**	**50 621 089**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	35 227	35 227
	24 745 264	**25 911 052**	**50 656 316**
Liabilities			
Deposits by banks	1 384 151	2 114 103	3 498 254
Derivative financial instruments	1 234 545	1 014 304	2 248 849
Other trading liabilities	118 572	390 950	509 522
Repurchase agreements and cash collateral on securities lent	375 387	1 201 959	1 577 346
Customer accounts (deposits)	15 272 245	16 948 731	32 220 976
Debt securities in issue	1 392 598	344 593	1 737 191
Liabilities arising on securitisation of own originated loans and advances	–	76 696	76 696
Liabilities arising on securitisation of other assets	110 679	–	110 679
Current taxation liabilities	26 904	24 404	51 308
Deferred taxation liabilities	21 438	23 350	44 788
Other liabilities	1 619 419	592 068	2 211 487
	21 555 938	**22 731 158**	**44 287 096**
Liabilities to customers under investment contracts	–	32 845	32 845
Insurance liabilities, including unit-linked liabilities	–	2 382	2 382
	21 555 938	**22 766 385**	**44 322 323**
Subordinated liabilities	787 030	649 331	1 436 361
	22 342 968	**23 415 716**	**45 758 684**

Combined consolidated segmental analysis *(continued)*

At 31 March 2019 £'000	UK and Other	Southern Africa	Total
Segmental geographic analysis – balance sheet assets and liabilities			
Assets			
Cash and balances at central banks	4 445 431	547 389	4 992 820
Loans and advances to banks	1 145 838	1 176 983	2 322 821
Non-sovereign and non-bank cash placements	–	648 547	648 547
Reverse repurchase agreements and cash collateral on securities borrowed	633 202	1 135 546	1 768 748
Sovereign debt securities	1 298 947	3 239 276	4 538 223
Bank debt securities	52 265	665 048	717 313
Other debt securities	498 265	722 386	1 220 651
Derivative financial instruments	622 397	411 769	1 034 166
Securities arising from trading activities	791 107	1 068 147	1 859 254
Investment portfolio	493 268	535 708	1 028 976
Loans and advances to customers	10 515 665	14 019 088	24 534 753
Own originated loans and advances to customers securitised	–	407 869	407 869
Other loans and advances	178 196	17 497	195 693
Other securitised assets	118 169	15 635	133 804
Interests in associated undertakings	53 451	334 299	387 750
Deferred taxation assets	148 351	100 542	248 893
Other assets	1 014 659	721 297	1 735 956
Property and equipment	99 796	161 854	261 650
Investment properties	14 500	980 145	994 645
Goodwill	356 048	10 822	366 870
Intangible assets	85 022	22 215	107 237
	22 564 577	**26 942 062**	**49 506 639**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	8 217 573	8 217 573
	22 564 577	**35 159 635**	**57 724 212**
Liabilities			
Deposits by banks	1 328 120	1 688 186	3 016 306
Derivative financial instruments	686 160	591 073	1 277 233
Other trading liabilities	80 217	592 188	672 405
Repurchase agreements and cash collateral on securities lent	294 675	810 388	1 105 063
Customer accounts (deposits)	13 136 539	18 170 568	31 307 107
Debt securities in issue	2 417 602	655 718	3 073 320
Liabilities arising on securitisation of own originated loans and advances	–	91 522	91 522
Liabilities arising on securitisation of other assets	113 711	–	113 711
Current taxation liabilities	131 896	30 552	162 448
Deferred taxation liabilities	20 706	2 884	23 590
Other liabilities	1 220 643	545 006	1 765 649
	19 430 269	**23 178 085**	**42 608 354**
Liabilities to customers under investment contracts	–	8 214 634	8 214 634
Insurance liabilities, including unit-linked liabilities	–	2 939	2 939
	19 430 269	**31 395 658**	**50 825 927**
Subordinated liabilities	803 699	843 572	1 647 271
	20 233 968	**32 239 230**	**52 473 198**

Share-based payments and employee benefits

The group operates share option and long-term share incentive plans for employees, which are on an equity-settled basis. The purpose of the staff share schemes is to promote an esprit de corps within the organisation, create an awareness of Investec's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group

Further information on the group share options and long-term incentive plans is provided in the remuneration report on page 223 and 224 in volume one of the integrated annual report and on our website.

For the year to 31 March £'000	Wealth & Investment	Specialist Banking	Group costs	**Total group**
Share-based payment expense				
2020				
Equity-settled	5 690	49 298	5 099	60 087
Total income statement charge	**5 690**	**49 298**	**5 099**	**60 087**
2019				
Equity-settled	6 545	55 898	3 765	66 208
Total income statement charge	**6 545**	**55 898**	**3 765**	**66 208**

As part of the demerger, employees of Investec Asset management left the employment of Investec on mutual agreement. This resulted in the acceleration of the share-based payment charge of £2.4 million on the date of the demerger.

For the year to 31 March £'000	**2020**	2019
Weighted average fair value of options granted in the year		
UK schemes	28 881	40 055
South African schemes	27 409	35 206

	UK schemes				**South African schemes**			
	2020		2019		**2020**		2019	
Details of options outstanding during the year	**Number of share options**	**Weighted average exercise price £**	Number of share options	Weighted average exercise price £	**Number of share options**	**Weighted average exercise price £**	Number of share options	Weighted average exercise price £
Outstanding at the beginning of the year	22 239 595	0.05	22 465 788	0.07	22 701 506	–	26 816 217	–
Demerger of asset management	(1 106 749)	–	–		(594 600)	–	–	–
Granted during the year	7 630 226	–	7 878 437	–	5 801 274	–	6 487 699	–
Exercised during the year^	(5 832 860)	–	(7 386 412)	0.02	(7 170 887)	–	(9 829 653)	–
Options forfeited during the year	(2 187 934)	0.25	(718 218)	0.52	(902 153)	–	(772 757)	–
Outstanding at the end of the year	**20 742 278**	**0.02**	**22 239 595**	**0.05**	**19 835 140**	**–**	**22 701 506**	**–**
Vested and exercisable at the end of the year	**470 123**	**–**	**578 910**	**–**	**545 533**	**–**	**452 729**	**–**

^ *The weighted average share price for options exercised during the year was £4.41 (2019: £5.11) for the UK schemes and R56.00 (2019: R91.85) for the South African schemes.*

Share-based payments and employee benefits *(continued)*

	UK schemes		South African schemes	
Additional information relating to options	**2 020**	2 019	**2 020**	2 019
Additional information relating to options				
Options with strike prices				
Exercise price range	£3.58 – £4.27	£5.03 – £6.00	n/a	n/a
Weighted average remaining contractual life	0.98 years	1.29 years	n/a	n/a
Long-term incentive grants with no strike price				
Exercise price range	£nil	£nil	Rnil	Rnil
Weighted average remaining contractual life	2.07 years	2.19 years	2.10 years	2.00 years
Weighted average fair value of options and long-term grants at measurement date	£3.79	£5.08	R88.00	R91.77
The fair value of shares granted were calculated at market price. For shares granted during the period, the inputs were as follows:				
– Share price at date of grant	£4.38 - £4.79	£4.93 – £5.59	R88.00	R90.96 – R92.55
– Exercise price	£nil	£nil	Rnil	Rnil
– Option life	4 – 7.25 years	3 years – 7 years	3.75 – 4.75 years	4.75 years
– Expected dividend yields	6.45%	n/a	n/a	n/a
– Risk-free rate	0.88%	n/a	n/a	n/a

Expected volatility was determined based on the implied volatility levels quoted by the derivatives trading desk. The expected volatility is based on the respective share price movement over the last six months, but also includes an element of forward expectation. The expected attrition rates used were determined based on historical group data with an adjustment to actual attrition on final vesting. In the current year, 755 278 Investec plc shares (LTIP & LTSA) were awarded to Investec Australian staff *in lieu* of Ninety One plc shares. The Fair Value of the Adjusted Share Awards was compared to the Fair Value of the Original Awards at 13 March 2020 and no incremental value was identified.

Long-term employment benefit liability – Ninety One shares

As part of the IAM demerger, each participant of the Investec share option and long-term share incentive plans for employees, received the right to received one Ninety One share option for every two Investec share options they had. The Ninety One share options were granted on the same terms and vesting period as the Investec options they related to.

Investec has an obligation to deliver Ninety One shares to the holders of Investec share options, accordingly this obligation was classified and measured as another long-term liability in terms of IAS 19 Employee Benefits (IAS 19). The initial liability of £14.8 million was calculated at the date of demerger for the portion of the options already vested. The total value of the liability was accounted for in retained income. The liability was subsequently measured through profit or loss.

IAS 19 long-term employment benefit liability movement recognised in the income statement for the year ended 31 March 2020 was £0.5 million.

	UK Schemes		South African Schemes	
Details of options & shares outstanding during the year	**Number of share options**	**Weighted average exercise price £**	**Number of share options**	**Weighted average exercise price £**
IAM Demerger – Ninety One Share Awards Issued 16 March 2020	9 354 422	0.02	10 212 742	–
Exercised during the year	(213 160)	–	(271 698)	–
Lapsed during the year	(20 178)	–	(17 705)	–
Outstanding at the end of year	**9 121 084**	**0.02**	**9 923 339**	**–**
Exercisable at end of year	**213 483**	**–**	**277 931**	**–**

Share-based payments and employee benefits *(continued)*

The exercise price range and weighted average remaining contractual life for market strike options outstanding at 31 March 2020, were as follows:

	2020
Exercise price range	£2.90 – £3.46
Weighted average remaining contractual life	0.98 years

The exercise price range and weighted average remaining contractual life for LTIPs & LTSAs outstanding at 31 March 2020, were as follows:

	UK Schemes	South African Schemes
	2020	**2020**
Exercise price range	£nil	Rnil
Weighted average remaining contractual life	2.10 years	2.10 years

The liability was calculated by using the Black-Scholes option pricing model.

For the liability calculated on the date of demerger and as at 31 March 2020, the inputs into the model were as follows:

	UK Schemes	South African Schemes
	2020	**2020**
– Share price	£1.54	30.55
– Exercise price	£nil, £2.90 – £3.46	Rnil
– Expected volatility	56.82%	56.82%
– Option life	0 – 7.45 years	0.14 – 4.19 years
– Expected dividend yields	0% – 8.01%	0% – 6.28%
– Risk-free rate	0% – 0.68%	5.73% – 7.71%

Management concluded that the share-price used to calculate the liability as at the date of the demerger (13 March 2020) approximated the fair value of the share-priced to be used to calculate the liability as at 31 March 2020. Management performed procedures to support this assumption.

Earnings per share

For the year to 31 March	2020	2019
Total group		
Earnings	**£'000**	£'000
Earnings attributable to shareholders	1 135 163	534 331
Dividends payable to perpetual preference shareholders and Other Additional Tier 1 security holders (other equity holders)	(44 260)	(44 767)
Earnings and diluted earnings attributable to ordinary shareholders	**1 090 903**	**489 564**
Adjusted earnings		
Earnings attributable to shareholders	1 135 163	534 331
Impairment of goodwill	145	155
Impairment of associates and joint venture holdings	45 400	–
Amortisation of acquired intangibles	16 104	15 816
Closure and rundown of the Hong Kong direct investments business	89 257	65 593
Financial impact of group restructures	25 725	14 591
Gain on distribution net of implementation costs - discontinued operations	(820 233)	6 690
Taxation on acquired intangibles and strategic actions	(21 693)	(18 399)
Taxation on gain on distribution net of taxation	13 813	(357)
Dividends payable to perpetual preference shareholders and Other Additional Tier 1 security holders (other equity holders)	(44 260)	(44 767)
Accrual adjustment on earnings attributable to other equity holders*	441	243
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items	**439 862**	**573 896**
Headline earnings		
Earnings attributable to shareholders	1 135 163	534 331
Impairment of goodwill	145	155
Impairment of associates and joint venture holdings	45 400	–
Gain on distribution	(867 409)	–
Financial impact of group restructure	(19 825)	
Taxation on gain on distribution	14 405	–
Dividends payable to perpetual preference shareholders and Other Additional Tier 1 security holders (other equity holders)	(44 260)	(44 767)
Impairment of Intangible Assets	–	4 877
Property revaluation, net of taxation and non-controlling interests**	12 499	1 020
Headline earnings attributable to ordinary shareholders* **	**276 118**	**495 616**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	1 012 202 675	995 747 608
Weighted average number of treasury shares	(66 382 078)	(53 541 700)
Weighted average number of shares in issue during the year	**945 820 597**	**942 205 908**
Weighted average number of shares resulting from future dilutive potential shares	7 598 533	19 859 140
Adjusted weighted number of shares potentially in issue	**953 419 130**	**962 065 048**
Earnings per share – pence	**115.3**	**52.0**
Diluted earnings per share – pence	**114.4**	**50.9**
Adjusted earnings per share – pence	**46.5**	**60.9**
Diluted adjusted earnings per share – pence	**46.1**	**59.7**
Headline earnings per share – pence* **	**29.2**	**52.6**
Diluted headline earnings per share – pence* **	**29.0**	**51.5**

* *In accordance with IFRS, dividends attributable to equity holders are accounted for when a constructive liability arises i.e. on declaration by the board of directors and approval by the shareholders where required. Investec is of the view that EPS is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.*

** *Taxation on revaluation headline earnings adjustments amounted to £2.8 million (2019: £1.1 million) with an impact of £16.3 million [2019: (£1.4 million)] on earnings attributable to non-controlling interests. The amount includes property revaluations included in equity accounted earnings.*

*** *Headline earnings per share has been calculated and is disclosed in accordance with the JSE Listings Requirements, and in terms of circular 1/2019 issued by the South African Institute of Chartered Accountants.*

Earnings per share *(continued)*

For the year to 31 March	2020	2019
Continuing operations	**£'000**	£'000
Earnings from continuing operations		
Earnings attributable to shareholders from continuing operations	209 531	425 612
Dividends payable to perpetual preference shareholders and Other Additional Tier 1 security holders (other equity holders)	(44 260)	(44 767)
Earnings and diluted earnings attributable to ordinary shareholders from continuing operations	**165 271**	**380 845**
Adjusted earnings from continuing operations		
Earnings attributable to shareholders from continuing operations	209 531	425 612
Impairment of goodwill	145	155
Impairment of associates and joint venture holdings	45 400	–
Amortisation of acquired intangibles	16 104	15 816
Closure and rundown of the Hong Kong direct investments business	89 257	65 593
Financial impact of group restructures	25 725	14 591
Taxation on acquired intangibles and strategic actions	(21 693)	(18 399)
Dividends payable to perpetual preference shareholders and Other Additional Tier 1 security holders (other equity holders)	(44 260)	(44 767)
Accrual adjustment on earnings attributable to other equity holders*	441	243
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items from continuing operations	**320 650**	**458 844**
Headline earnings from continuing operations		
Earnings attributable to shareholders from continuing operations	209 531	425 612
Impairment of goodwill	145	155
Impairment of associates and joint venture holdings	45 400	–
Gain on disposal of group operations	(19 825)	–
Dividends payable to perpetual preference shareholders and Other Additional Tier 1 security holders (other equity holders)	(44 260)	(44 767)
Impairment of Intangible Assets	–	4 877
Property revaluation, net of taxation and non-controlling interests**	12 499	1 020
Headline earnings attributable to ordinary shareholders from continuing operations* **	**203 490**	**386 897**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	1 012 202 675	995 747 608
Weighted average number of treasury shares	(66 382 078)	(53 541 700)
Weighted average number of shares in issue during the year	**945 820 597**	**942 205 908**
Weighted average number of shares resulting from future dilutive potential shares	7 598 533	19 859 140
Adjusted weighted number of shares potentially in issue	**953 419 130**	**962 065 048**
Earnings per share from continuing operations – pence	**17.5**	**40.4**
Diluted earnings per share from continuing operations – pence	**17.3**	**39.6**
Adjusted earnings per share from continuing operations – pence	**33.9**	**48.7**
Diluted adjusted earnings per share from continuing operations – pence	**33.6**	**47.7**
Headline earnings per share from continuing operations – pence * **	**21.5**	**41.1**
Diluted headline earnings per share from continuing operations – pence * **	**21.3**	**40.2**

* *In accordance with IFRS, dividends attributable to equity holders are accounted for when a constructive liability arises i.e. on declaration by the board of directors and approval by the shareholders where required. Investec is of the view that EPS is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.*

** *Taxation on revaluation headline earnings adjustments amounted to £2.8 million (2019: £1.1 million) with an impact of £16.3 million [2019: (£1.4 million)] on earnings attributable to non-controlling interests. The amount includes property revaluations included in equity accounted earnings.*

*** *Headline earnings per share has been calculated and is disclosed in accordance with the JSE Listings Requirements, and in terms of circular 1/2019 issued by the South African Institute of Chartered Accountants.*

Earnings per share *(continued)*

For the year to 31 March	2020	2019
Discontinued operations	**£'000**	£'000
Earnings from discontinued operations		
Earnings and diluted earnings attributable to ordinary shareholders from discontinued operations	**925 632**	**108 719**
Adjusted earnings from discontinued operations		
Earnings attributable to shareholders from discontinued operations	925 632	108 719
Gain on distribution net of implementation costs	(820 233)	6 690
Taxation on acquired intangibles and strategic actions – discontinued operations	13 813	(357)
Adjusted earnings attributable to ordinary shareholders before goodwill, acquired intangibles and non-operating items from discontinued operations	**119 212**	**115 052**
Headline earnings from discontinued operations		
Earnings attributable to shareholders from discontinued operations	925 632	108 719
Gain on distribution – discontinued operations	(867 409)	–
Taxation on acquired intangibles and strategic actions – discontinued operations	14 405	–
Headline earnings attributable to ordinary shareholders from discontinued operations* **	**72 628**	**108 719**
Weighted number of shares in issue		
Weighted total average number of shares in issue during the year	1 012 202 675	995 747 608
Weighted average number of treasury shares	(66 382 078)	(53 541 700)
Weighted average number of shares in issue during the year	**945 820 597**	**942 205 908**
Weighted average number of shares resulting from future dilutive potential shares	7 598 533	19 859 140
Adjusted weighted number of shares potentially in issue	**953 419 130**	**962 065 048**
Earnings per share from discontinued operations – pence	**97.9**	**11.5**
Diluted earnings per share from discontinued operations – pence	**97.1**	**11.3**
Adjusted earnings per share from discontinued operations – pence	**12.6**	**12.2**
Diluted adjusted earnings per share from discontinued operations – pence	**12.5**	**12.0**
Headline earnings per share from discontinued operations – pence * **	**7.7**	**11.5**
Diluted headline earnings per share from discontinued operations – pence * **	**7.6**	**11.3**

* *In accordance with IFRS, dividends attributable to equity holders are accounted for when a constructive liability arises i.e. on declaration by the board of directors and approval by the shareholders where required. Investec is of the view that EPS is best reflected by adjusting for earnings that are attributed to equity instruments (other than ordinary shares) on an accrual basis and therefore adjusts the paid dividend on such instruments to accrued in arriving at adjusted EPS.*

** *Taxation on revaluation headline earnings adjustments amounted to £2.8 million (2019: £1.1 million) with an impact of £16.3 million [2019: (£1.4 million)] on earnings attributable to non-controlling interests. The amount includes property revaluations included in equity accounted earnings.*

*** *Headline earnings per share has been calculated and is disclosed in accordance with the JSE Listings Requirements, and in terms of circular 1/2019 issued by the South African Institute of Chartered Accountants.*

Dividends

For the year to 31 March	2020 Pence per share	2020 Total £'000	2019 Pence per share	2019 Total £'000
Ordinary dividend				
Final dividend in prior year	13.5	134 777	13.5	127 944
Interim dividend for current year	11.0	109 546	11.0	110 128
Total dividend attributable to ordinary shareholders recognised in current financial year	**24.5**	**244 323**	**24.5**	**238 072**

In light of regulatory guidance provided to banks in both South Africa and the UK, the board decided not to declare a final ordinary dividend, resulting in a full year dividend of 11.0 pence per ordinary share.

On 13 March 2020, the group successfully completed the demerger of its asset management business and distributed 55% of its shareholding in Ninety One to the value of GBP 697.9 million. This resulted in a distribution per ordinary shareholder of 73.4 pence.

For the year to 31 March £'000	2020	2019
Perpetual preference dividend*		
Final dividend in prior year	10 698	11 200
Interim dividend for current year	11 168	10 840
Total dividend attributable to perpetual preference shareholders recognised in current financial year	**21 866**	**22 040**
* *Perpetual preference share dividends from Investec Limited, Investec Bank Limited and Investec plc.*		
The directors have declared a final dividend in respect of the financial year ended 31 March 2020 of 8.43287 pence (Investec plc shares traded on the JSE Limited) and 8.43287 pence (Investec plc shares traded on the International Stock Exchange), 187.48647 cents (Investec plc Rand denominated shares), 382.21605 cents (Investec Limited) and 409.64891 cents (Investec Bank Limited) per perpetual preference share. The final dividend will be payable to shareholders on the register at the close of business on 5 June 2020.		
Dividends attributable to Other Additional Tier 1 securities in issue^	**22 394**	**22 727**
The R550 000 000, R350 000 000 and R110 000 000 Other Additional Tier 1 floating rate notes pay dividends at a rate equal to the three-month JIBAR plus 4.25%, 5.15% and 4.55% respectively on a quarterly basis as set out in note 43. The dividend is shown gross of UK corporation tax following the amendment to IAS 12. The prior year has been restated as detailed in page 52.		
The £250 000 000 Other Additional Tier 1 fixed rate securities pay a distribution at a rate of 6.75% as set out in note 43.		
Total perpetual preference dividends and Other Additional Tier 1 securities distributions	**44 260**	**44 767**

Derivatives

The group enters into various contracts for derivatives both as principal for trading purposes and as customer for hedging foreign exchange and interest rate exposures. These include financial futures, options, swaps and forward rate agreements. The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

In the tables that follow notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The fair value of a derivative financial instrument represents the present value of positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the group in an orderly market transaction at balance sheet date.

	2020			2019		
At 31 March £'000	**Notional principal amounts**	**Positive fair value**	**Negative fair value**	Notional principal amounts	Positive fair value	Negative fair value
Foreign exchange derivatives						
Forward foreign exchange contracts	19 903 629	348 880	421 825	21 662 129	282 801	190 187
Currency swaps	7 790 418	319 630	601 956	3 278 785	150 124	297 125
OTC options bought and sold	5 092 972	118 112	112 619	7 942 122	54 995	56 352
Other foreign exchange contracts	183 668	466	513	263 900	1 062	1 369
	32 970 687	**787 088**	**1 136 913**	**33 146 936**	**488 982**	**545 033**
Interest rate derivatives						
Caps and floors	9 690 775	23 686	20 865	8 006 384	13 715	5 951
Swaps	90 340 377	620 575	493 101	85 205 078	257 836	258 131
Forward rate agreements	957 498	57 527	64 318	648 991	6 058	6 161
OTC options bought and sold	21 975	–	174	49 206	21	55
Other interest rate contracts	288 308	41 670	291	371 164	16 167	1 397
OTC derivatives	**101 298 933**	**743 458**	**578 749**	**94 280 823**	**293 797**	**271 695**
Exchange traded futures	48 460	3 662	35	798	2 771	–
	101 347 393	**747 120**	**578 784**	**94 281 621**	**296 568**	**271 695**
Equity and stock index derivatives						
OTC options bought and sold	6 258 714	358 012	283 121	8 898 683	190 274	252 593
Equity swaps and forwards	119 436	52 823	334 289	2 068 096	5 318	45 943
OTC derivatives	**6 378 150**	**410 835**	**617 410**	**10 966 779**	**195 592**	**298 536**
Exchange traded futures	353 727	–	–	606 478	114	–
Exchange traded options	9 896 516	–	237 424	10 726 463	1 987	153 046
Warrants	15 909	–	–	(313 965)	7 660	291 106
	16 644 302	**410 835**	**854 834**	**21 985 755**	**205 353**	**742 688**
Commodity derivatives						
OTC options bought and sold	483 474	42 191	49 487	257 538	8 512	15 031
Commodity swaps and forwards	979 696	186 934	182 113	769 709	46 080	39 128
	1 463 170	**229 125**	**231 600**	**1 027 247**	**54 592**	**54 159**
Credit derivatives	**1 622 930**	**18 172**	**118 872**	**1 725 980**	**10 640**	**40 572**
Other derivatives		**4 180**			**20 114**	
Cash collateral		**(162 121)**	**(672 154)**		**(42 083)**	**(376 914)**
Derivatives per balance sheet		**2 034 399**	**2 248 849**		**1 034 166**	**1 277 233**

Analysis of assets and liabilities by category of financial instrument

At 31 March £'000	At fair value through profit or loss – IFRS 9 mandatory: Trading*	At fair value through profit or loss – IFRS 9 mandatory: Non-trading*	At fair value through profit or loss: Designated at initial recognition
2020			
Assets			
Cash and balances at central banks	–	–	–
Loans and advances to banks	–	–	–
Non-sovereign and non-bank cash placements	–	24 605	–
Reverse repurchase agreements and cash collateral on securities borrowed	252 623	655 365	–
Sovereign debt securities	–	914 427	–
Bank debt securities	7	64 301	–
Other debt securities	–	386 023	–
Derivative financial instruments**	2 034 399	–	–
Securities arising from trading activities	779 891	19 807	244 747
Investment portfolio	6 377	983 989	–
Loans and advances to customers	–	760 950	934 505
Own originated loans and advances to customers securitised	–	–	–
Other loans and advances	–	–	–
Other securitised assets	–	–	112 440
Interests in associated undertakings and joint venture holdings	–	–	–
Deferred taxation assets	–	–	–
Other assets	119 251	773	–
Property and equipment	–	–	–
Investment properties	–	–	–
Goodwill	–	–	–
Intangible assets	–	–	–
Non-current assets held for sale	–	–	–
	3 192 548	**3 810 240**	**1 291 692**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	–	–
	3 192 548	**3 810 240**	**1 291 692**
Liabilities			
Deposits by banks	–	–	336
Derivative financial instruments**	2 248 849	–	–
Other trading liabilities	509 522	–	–
Repurchase agreements and cash collateral on securities lent	165 001	–	–
Customer accounts (deposits)	–	–	2 013 379
Debt securities in issue	–	–	219 915
Liabilities arising on securitisation of own originated loans and advances	–	–	–
Liabilities arising on securitisation of other assets	–	–	110 679
Current taxation liabilities	–	–	–
Deferred taxation liabilities	–	–	–
Other liabilities	41 697	585	–
	2 965 069	**585**	**2 344 309**
Liabilities to customers under investment contracts	–	–	–
Insurance liabilities, including unit-linked liabilities	–	–	–
	2 965 069	**585**	**2 344 309**
Subordinated liabilities	–	–	343 233
	2 965 069	**585**	**2 687 542**

* *Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements respectively. Trading consists of positions held for trading intent or hedge elements of the trading book.*
** *Derivative financial instruments have been classified as held-for-trading and include derivatives held as hedges.*

At fair value through other comprehensive income						
Equity instruments	Debt instruments with a dual business model	Financial assets linked to investment contract liabilities	**Total instruments at fair value**	**Amortised cost**	Non-financial instruments or scoped out of IFRS 9	**Total**
–	–	–	–	3 932 048	–	3 932 048
–	–	–	–	2 666 851	–	2 666 851
–	–	–	24 605	608 005	–	632 610
–	–	–	907 988	2 056 615	–	2 964 603
–	3 483 706	–	4 398 133	195 760	–	4 593 893
–	320 155	–	384 463	220 458	–	604 921
–	299 615	–	685 638	744 781	–	1 430 419
–	–	–	2 034 399	–	–	2 034 399
–	–	–	1 044 445	–	–	1 044 445
8 569	–	–	998 935	–	–	998 935
–	421 841	–	2 117 296	22 470 778	–	24 588 074
–	–	–	–	324 638	–	324 638
–	–	–	–	132 486	–	132 486
–	–	–	112 440	22 425	–	134 865
–	–	–	–	–	701 311	701 311
–	–	–	–	–	265 896	265 896
–	–	–	120 024	1 111 316	703 088	1 934 428
–	–	–	–	–	356 573	356 573
–	–	–	–	–	863 864	863 864
–	–	–	–	–	270 625	270 625
–	–	–	–	–	86 300	86 300
–	–	–	–	–	58 905	58 905
8 569	**4 525 317**	**–**	**12 828 366**	**34 486 161**	**3 306 562**	**50 621 089**
–	–	35 227	35 227	–	–	35 227
8 569	**4 525 317**	**35 227**	**12 863 593**	**34 486 161**	**3 306 562**	**50 656 316**
–	–	–	336	3 497 918	–	3 498 254
–	–	–	2 248 849	–	–	2 248 849
–	–	–	509 522	–	–	509 522
–	–	–	165 001	1 412 345	–	1 577 346
–	–	–	2 013 379	30 207 597	–	32 220 976
–	–	–	219 915	1 517 276	–	1 737 191
–	–	–	–	76 696	–	76 696
–	–	–	110 679	–	–	110 679
–	–	–	–	–	51 308	51 308
–	–	–	–	–	44 788	44 788
–	–	–	42 282	1 350 933	818 272	2 211 487
–	**–**	**–**	**5 309 963**	**38 062 765**	**914 368**	**44 287 096**
–	–	32 845	32 845	–	–	32 845
–	–	2 382	2 382	–	–	2 382
–	**–**	**35 227**	**5 345 190**	**38 062 765**	**914 368**	**44 322 323**
–	–	–	343 233	1 093 128	–	1 436 361
–	**–**	**35 227**	**5 688 423**	**39 155 893**	**914 368**	**45 758 684**

Analysis of assets and liabilities by category of financial instrument *(continued)*

At 31 March £'000	At fair value through profit or loss IFRS 9 mandatory Trading*	 Non-trading*	 Designated at initial recognition
2019			
Assets			
Cash and balances at central banks	–	1	–
Loans and advances to banks	–	–	–
Non-sovereign and non-bank cash placements	–	32 471	–
Reverse repurchase agreements and cash collateral on securities borrowed	462 544	87 370	–
Sovereign debt securities	–	800 355	–
Bank debt securities	–	67 020	–
Other debt securities	–	412 988	–
Derivative financial instruments**	1 034 166	–	–
Securities arising from trading activities	1 347 573	10 763	500 918
Investment portfolio	–	1 028 976	–
Loans and advances to customers	–	880 901	747 710
Own originated loans and advances to customers securitised	–	–	–
Other loans and advances	–	–	–
Other securitised assets	–	–	118 169
Interests in associated undertakings	–	–	–
Deferred taxation assets	–	–	–
Other assets	46 188	85 665	–
Property and equipment	–	–	–
Investment properties	–	–	–
Goodwill	–	–	–
Intangible assets	–	–	–
	2 890 471	**3 406 510**	**1 366 797**
Other financial instruments at fair value through profit or loss in respect of liabilities to customers	–	–	–
	2 890 471	**3 406 510**	**1 366 797**
Liabilities			
Deposits by banks	–	–	–
Derivative financial instruments**	1 277 233	–	–
Other trading liabilities	672 405	–	–
Repurchase agreements and cash collateral on securities lent	433 790	–	–
Customer accounts (deposits)	–	–	2 372 841
Debt securities in issue	–	–	520 806
Liabilities arising on securitisation of own originated loans and advances	–	–	–
Liabilities arising on securitisation of other assets	–	–	113 711
Current taxation liabilities	–	–	–
Deferred taxation liabilities	–	–	–
Other liabilities	44 071	3 605	–
	2 427 499	**3 605**	**3 007 358**
Liabilities to customers under investment contracts	–	–	–
Insurance liabilities, including unit-linked liabilities	–	–	–
	2 427 499	**3 605**	**3 007 358**
Subordinated liabilities	–	–	367 707
	2 427 499	**3 605**	**3 375 065**

* *Fair value through profit and loss balance sheet positions have been split as trading and non-trading, as defined by regulatory rules for the trading book and banking book requirements respectively. Trading consists of positions held for trading intent or hedge elements of the trading book.*
** *Derivative financial instruments have been classified as held-for-trading and include derivatives held as hedges.*

At fair value through other comprehensive income						
Equity instruments	Debt instruments with a dual business model	Financial assets linked to investment contract liabilities	**Total instruments at fair value**	**Amortised cost**	Non-financial instruments or scoped out of IFRS 9	**Total**
–	–	–	1	4 992 819	–	4 992 820
–	–	–	–	2 322 821	–	2 322 821
–	–	–	32 471	616 076	–	648 547
–	–	–	549 914	1 218 834	–	1 768 748
–	3 456 456	–	4 256 811	281 412	–	4 538 223
–	283 114	–	350 134	367 179	–	717 313
–	328 846	–	741 834	478 817	–	1 220 651
–	–	–	1 034 166	–	–	1 034 166
–	–	–	1 859 254	–	–	1 859 254
–	–	–	1 028 976	–	–	1 028 976
–	397 068	–	2 025 679	22 509 074	–	24 534 753
–	–	–	–	407 869	–	407 869
–	–	–	–	195 693	–	195 693
–	–	–	118 169	15 635	–	133 804
–	–	–	–	–	387 750	387 750
–	–	–	–	–	248 893	248 893
–	–	–	131 853	1 041 116	562 987	1 735 956
–	–	–	–	–	261 650	261 650
–	–	–	–	–	994 645	994 645
–	–	–	–	–	366 870	366 870
–	–	–	–	–	107 237	107 237
–	**4 465 484**	**–**	**12 129 262**	**34 447 345**	**2 930 032**	**49 506 639**
–	–	8 217 573	8 217 573	–	–	8 217 573
–	**4 465 484**	**8 217 573**	**20 346 835**	**34 447 345**	**2 930 032**	**57 724 212**
–	–	–	–	3 016 306	–	3 016 306
–	–	–	1 277 233	–	–	1 277 233
–	–	–	672 405	–	–	672 405
–	–	–	433 790	671 273	–	1 105 063
–	–	–	2 372 841	28 934 266	–	31 307 107
–	–	–	520 806	2 552 514	–	3 073 320
–	–	–	–	91 522	–	91 522
–	–	–	113 711	–	–	113 711
–	–	–	–	–	162 448	162 448
–	–	–	–	–	23 590	23 590
–	–	–	47 676	1 029 239	688 734	1 765 649
–	**–**	**–**	**5 438 462**	**36 295 120**	**874 772**	**42 608 354**
–	–	8 214 634	8 214 634	–	–	8 214 634
–	–	2 939	2 939	–	–	2 939
–	**–**	**8 217 573**	**13 656 035**	**36 295 120**	**874 772**	**50 825 927**
–	–	–	367 707	1 279 564	–	1 647 271
–	**–**	**8 217 573**	**14 023 742**	**37 574 684**	**874 772**	**52 473 198**

Financial instruments at fair value

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used.

The different levels are identified as follows:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value disclosures on investment properties are included in the 'Investment properties' note 4 in volume three of Investec group's 2020 integrated annual report.

		Fair value category		
At 31 March £'000	**Total instruments at fair value**	Level 1	Level 2	Level 3
2020				
Assets				
Non-sovereign and non-bank cash placements	24 605	–	24 605	–
Reverse repurchase agreements and cash collateral on securities borrowed	907 988	–	907 988	–
Sovereign debt securities	4 398 133	4 398 133	–	–
Bank debt securities	384 463	250 257	134 206	–
Other debt securities	685 638	264 939	277 704	142 995
Derivative financial instruments	2 034 399	3 611	2 001 143	29 645
Securities arising from trading activities	1 044 445	1 017 861	20 384	6 200
Investment portfolio	998 935	141 890	8 375	848 670
Loans and advances to customers	2 117 296	–	1 015 630	1 101 666
Other securitised assets	112 440	–	6 222	106 218
Other assets	120 024	120 024	–	–
Other financial instruments at fair value through profit or loss in respect of liabilities	35 227	35 227	–	–
	12 863 593	**6 231 942**	**4 396 257**	**2 235 394**
Liabilities				
Deposits by banks	336	–	–	336
Derivative financial instruments	2 248 849	13 853	2 208 315	26 681
Other trading liabilities	509 522	307 689	201 833	–
Repurchase agreements and cash collateral on securities lent	165 001	–	165 001	–
Customer accounts (deposits)	2 013 379	–	2 013 379	–
Debt securities in issue	219 915	–	219 915	–
Liabilities arising on securitisation of other assets	110 679	–	–	110 679
Other liabilities	42 282	–	41 697	585
Liabilities to customers under investment contracts	32 845	–	32 845	–
Insurance liabilities, including unit-linked liabilities	2 382	–	2 382	–
Subordinated liabilities	343 233	343 233	–	–
	5 688 423	**664 775**	**4 885 367**	**138 281**
Net financial assets/(liabilities) at fair value	**7 175 170**	**5 567 167**	**(489 110)**	**2 097 113**

Financial instruments at fair value *(continued)*

At 31 March £'000	Total instruments at fair value	Fair value category Level 1	Level 2	Level 3
2019				
Assets				
Cash and balances at central banks	1	1	–	–
Non-sovereign and non-bank cash placements	32 471	–	32 471	–
Reverse repurchase agreements and cash collateral on securities borrowed	549 914	–	549 914	–
Sovereign debt securities	4 256 811	4 256 811	–	–
Bank debt securities	350 134	148 918	201 216	–
Other debt securities	741 834	222 689	429 850	89 295
Derivative financial instruments	1 034 166	–	995 531	38 635
Securities arising from trading activities	1 859 254	1 827 306	24 830	7 118
Investment portfolio	1 028 976	173 587	25 418	829 971
Loans and advances to customers	2 025 679	–	816 099	1 209 580
Other securitised assets	118 169	–	–	118 169
Other assets	131 853	131 853	–	–
Other financial instruments at fair value through profit or loss in respect of liabilities	8 217 573	8 217 573	–	–
	20 346 835	**14 978 738**	**3 075 329**	**2 292 768**
Liabilities				
Derivative financial instruments	1 277 233	5 857	1 254 750	16 626
Other trading liabilities	672 405	556 125	116 280	–
Repurchase agreements and cash collateral on securities lent	433 790	–	433 790	–
Customer accounts (deposits)	2 372 841	–	2 372 841	–
Debt securities in issue	520 806	–	520 806	–
Liabilities arising on securitisation of other assets	113 711	–	–	113 711
Other liabilities	47 676	–	44 071	3 605
Liabilities to customers under investment contracts	8 214 634	–	8 214 634	–
Insurance liabilities, including unit-linked liabilities	2 939	–	2 939	–
Subordinated liabilities	367 707	367 707	–	–
	14 023 742	**929 689**	**12 960 111**	**133 942**
Net financial assets/(liabilities) at fair value	**6 323 093**	**14 049 049**	**(9 884 782)**	**2 158 826**

Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 in the current and prior year.

Financial instruments at fair value *(continued)*

Measurement of financial assets and liabilities at level 2

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring financial instruments categorised as level 2 in the fair value hierarchy:

	Valuation basis/techniques	Main inputs
Assets		
Non-sovereign and non-bank cash placements	Discounted cash flow model	Yield curves
Reverse repurchase agreements and cash collateral on securities borrowed	Discounted cash flow model, Hermite interpolation, Black-Scholes	Yield curves, discount rates, volatilities
Bank debt securities	Discounted cash flow model	Yield curves
Other debt securities	Discounted cash flow model	Yield curves, NCD curves and swap curves, discount rates, external prices, broker quotes
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes	Yield curves, risk free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves, discount rates
Securities arising from trading activities	Standard industry derivative pricing model Discounted cash flow model	Interest rate curves, implied bond spreads, equity volatilities, yield curves
Investment portfolio	Discounted cash flow model, relative valuation model Comparable quoted inputs	Discount rate and fund unit price, net assets
Loans and advances to customers	Discounted cash flow model	Yield curves
Other securitised assets	Discounted cash flow model	Yield curves
Liabilities		
Derivative financial instruments	Discounted cash flow model, Hermite interpolation, industry standard derivative pricing models including Black-Scholes	Yield curves, discount rates, risk free rate, volatilities, forex forward points and spot rates, interest rate swap curves and credit curves
Other trading liabilities	Discounted cash flow model	Yield curves
Repurchase agreements and cash collateral on securities lent	Discounted cash flow model, Hermite interpolation	Yield curves, discount rates
Customer accounts (deposits)	Discounted cash flow model	Yield curves, discount rates
Debt securities in issue	Discounted cash flow model	Yield curves
Other liabilities	Discounted cash flow model	Yield curves
Liabilities to customers under investment contracts	Current price of underlying unitised assets	Listed prices
Insurance liabilities, including unit-linked liabilities	Current price of underlying unitised assets	Listed prices

Financial instruments at fair value *(continued)*

Level 3 instruments

The following tables show a reconciliation of the opening balances to the closing balances for level 3 financial instruments. All instruments are at fair value through profit or loss.

£'000	Investment portfolio	Loans and advances to customers	Other securitised assets	Other level 3 assets	Total
Assets					
Balance as at 1 April 2018	**662 587**	**1 337 679**	**130 388**	**142 104**	**2 272 758**
Total gains/(losses)	(175)	69 261	(2 834)	16 865	83 117
In the income statement	(175)	69 056	(2 834)	16 865	82 912
In the statement of comprehensive income	–	205	–	–	205
Purchases	338 782 *	1 268 572	–	6 909	1 614 263
Sales	(95 646)	(889 145)	–	(8 404)	(993 195)
Settlement	(60 095)	(624 061)	(9 385)	(29 456)	(722 997)
Transfers into level 3	12 211	3 499	–	–	15 710
Foreign exchange adjustments	(27 693)	43 775	–	7 030	23 112
Balance as at 31 March 2019	**829 971**	**1 209 580**	**118 169**	**135 048**	**2 292 768**
Total gains/(losses)	(16 096)	33 060	(1 425)	25 725	41 264
In the income statement	(16 096)	32 582	(1 425)	25 725	40 786
In the statement of comprehensive income	–	478	–	–	478
Purchases	363 115	1 349 397	–	59 048	1 771 560
Sales	(278 853)	(1 039 464)	–	(1 082)	(1 319 399)
Settlements	(26 980)	(476 121)	(10 526)	(39 497)	(553 124)
Transfers into level 3	13 239	–	–	–	13 239
Transfers out of level 3	(4 785)	–	–	–	(4 785)
Foreign exchange adjustments	(30 941)	25 214	–	(402)	(6 129)
Balance as at 31 March 2020	**848 670**	**1 101 666**	**106 218**	**178 840**	**2 235 394**

* *Includes investments acquired by Investec Property Fund, a subsidiary of Investec Limited.*

During the current year there were transfers from level 3 into Level 1 of £4.8 million due to a listing of securities. £13.2 million of instruments has been transferred into level 3 due to delisting.

For the year ended 31 March 2019 £15.7 million of assets has been transferred from level 2 into level 3 as a result of a credit adjustment to the discount rate becoming a significant input. There were no transfers of assets from level 3 to level 2.

The group transfers between levels within the fair value hierarchy when the significance of the unobservable inputs change or if the valuation methods change.

Financial instruments at fair value *(continued)*

R'million	Liabilities arising on securitisation of other assets	Other level 3 liabilities	Total
Liabilities			
Balance as at 1 April 2018	**127 853**	**15 641**	**143 494**
Total gains/(losses)	(5 084)	(12 653)	(17 737)
In the income statement	(5 084)	(12 653)	(17 737)
In the statement of comprehensive income	–	–	–
Purchases	–	27 561	27 561
Sales	–	(11 800)	(11 800)
Settlements	(9 058)	–	(9 058)
Transfers into level 3	–	2 854	2 854
Foreign exchange adjustments	–	(1 372)	(1 372)
Balance as at 31 March 2019	**113 711**	**20 231**	**133 942**
Total gains/(losses)	(2 094)	10 341	8 247
In the income statement	(2 094)	10 341	8 247
In the statement of comprehensive income	–	–	–
Purchases	–	987	987
Issues	7 306	–	7 306
Settlements	(8 244)	(4 428)	(12 672)
Foreign exchange adjustments	–	471	471
Balance as at 31 March 2020	**110 679**	**27 602**	**138 281**

For the year ended 31 March 2019, there were transfers of £2.9 million liabilities from level 2 to level 3. There were no liabilities transferred from level 3 to level 2.

The group transfers between levels within the fair value hierarchy when the significance of the unobservable inputs change or if the valuation methods change.

The following table quantifies the gains or (losses) included in the income statement and other comprehensive income recognised on level 3 financial instruments:

For the year to 31 March £'000	Total	Realised	Unrealised
2020			
Total gains or (losses) included in the income statement for the year			
Net interest income	77 586	60 922	16 664
Net fee and commission expense	(3 184)	–	(3 184)
Investment loss/(income)	(48 949)	67 274	(116 223)
Trading loss arising from customer flow	(1 895)	–	(1 895)
Trading income arising from balance sheet management and other trading activities	8 981	–	8 981
	32 539	**128 196**	**(95 657)**
Total gains included in other comprehensive income for the year			
Gains on realisation on debt instruments at FVOCI recycled through the income statement	1 694	1 694	–
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	478	–	478
	2 172	**1 694**	**478**

Financial instruments at fair value *(continued)*

For the year to 31 March £'000	Total	Realised	Unrealised
2019			
Total gains or (losses) included in the income statement for the year			
Net interest income	100 041	86 118	13 923
Investment (loss)/income	(11 000)	9 675	(20 675)
Trading income/(loss) arising from customer flow	(3 272)	1 348	(4 620)
Trading income arising from balance sheet management and other trading activities	14 880	–	14 880
	100 649	**97 141**	**3 508**
Total gains or (losses) included in other comprehensive income for the year			
Fair value movements on debt instruments at FVOCI taken directly to other comprehensive income	205	–	205
	205	**–**	**205**

Financial instruments at fair value *(continued)*

Sensitivity of fair values to reasonably possible alternative assumptions by level 3 instrument type

The fair value of financial instruments in level 3 are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

				Potential impact on the income statement	
At 31 March 2020	**Balance sheet value £'000**	**Significant unobservable input changed**	**Range which unobservable input has been changed**	**Favourable changes £'000**	**Unfavourable changes £'000**
Assets					
Other debt securities	142 995	Potential impact on income statement		4 418	(12 430)
		Credit spreads	0.38% -0.88%	23	(144)
		Discount rate	5.56%	7	(43)
		Underlying asset value	^^	454	(442)
		Other	^	3 934	(11 801)
Derivative financial instruments	29 645	Potential impact on income statement		8 232	(8 846)
		Volatilities	4.1% - 25.3%	94	(283)
		Cash flow adjustments	CPR 6.8%	33	(31)
		Underlying asset value	^^	7 891	(7 891)
		Other	^	214	(641)
Securities arising from trading activities	6 200	Potential impact on income statement		736	(869)
		Cash flow adjustments	CPR 9.8%	736	(869)
Investment portfolio	848 670	Potential impact on income statement		90 235	(156 683)
		Price earnings multiple	5.3x -9.7x	5 210	(12 742)
		Underlying asset value	^^	9 553	(8 695)
		EBITDA	**	25 422	(25 302)
		Discount rate	(0.1%)/1.9%	969	(3 887)
		Cash flows	**	2 679	(1 760)
		Property values	(10%)/10%	14 806	(14 806)
		Precious and industrial metal prices	(6%)/6%	742	(1 237)
		Underlying asset value	#	1 096	(3 003)
		Other^	^	29 758	(85 251)
Loans and advances to customers	1 101 666	Potential impact on income statement		21 224	(54 897)
		Credit spreads	0.05% -5.9% & PAR	1 099	(7 041)
		Price earnings multiple	3.85x-7x	636	(466)
		Underlying asset value	^^	647	(352)
		Property values	(5%)/5%	23	(23)
		Underlying asset value	*	1 903	(3 145)
		Property values	#	278	(278)
		Other	^	16 638	(43 592)
		Potential impact on other comprehensive income		4 645	(724)
		Credit spreads	0.03% -5.8% & PAR	4 645	(724)
Other securitised assets	106 218	Potential impact on income statement		2 543	(2 530)
		Cash flow adjustments	CPR 6.8% -7.5%	2 543	(2 530)

Financial instruments at fair value *(continued)*

At 31 March 2020	Balance sheet value £'000	Significant unobservable input changed	Range which unobservable input has been changed	Potential impact on the income statement: Favourable changes £'000	Potential impact on the income statement: Unfavourable changes £'000
Total level 3 assets	**2 235 394**			**132 033**	**(236 979)**
Liabilities					
Deposits by banks	(336)	Potential impact on income statement		–	48
		Underlying asset value	^	–	48
Derivative financial instruments	(26 681)	Potential impact on income statement		(7 929)	7 937
		Cash flow adjustments	5.60%	(24)	4
		Volatilities	4.1% -25.3%	(14)	42
		Underlying asset value	^^	(7 891)	7 891
Liabilities arising on securitisation of other assets	(110 679)	Potential impact on income statement		(546)	489
		Cash flow adjustments	CPR 6.8%	(546)	489
Other liabilities	(585)	Potential impact on income statement		(58)	58
		Property values	(10%)/10%	(58)	58
Total level 3 liabilities	**(138 281)**			**(8 533)**	**8 532**
Net level 3 assets	**2 097 113**				

* *The sensitivity of the fair value of liabilities arising on securitisation of other assets has been considered together with other securitised assets.*
Other – The valuation sensitivity has been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input.
^ *It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the assets cannot be determined through the adjustment of a single input.*
^^ *Underlying asset values are calculated by reference to a tangible asset, for example property, aircraft or shares.*
** *The EBITDA and cash flows have been stressed on an investment-by-investment basis in order to obtain favourable and unfavourable valuations.*
\# *Net asset values are calculated by reference to the fair value of the assets and liabilities within the entity.*

Within the Hong Kong direct investments portfolio in rundown there are exposures within the investment portfolio with a balance sheet value of £26 million. The consideration of reasonably possible alternative assumptions with respect to the fair value of this exposure results in a favourable change of £2.8 million and a unfavourable change of £8.4 million.

Financial instruments at fair value *(continued)*

At 31 March 2019	Balance sheet value £'000	Significant unobservable input	Range which unobservable input has been changed	Potential impact on the income statement: Favourable changes £'000	Potential impact on the income statement: Unfavourable changes £'000
Assets					
Other debt securities	89 295	Potential impact on income statement		8 047	(7 849)
		Credit spreads	5.8%	117	(114)
		EBITDA	(5%)/5%	306	(306)
		Other	^^	7 624	(7 429)
Derivative financial instruments	38 635	Potential impact on income statement		22 720	(5 882)
		Volatilities	4.0% - 9.0%	129	(129)
		Credit spreads	7.1%	6	(9)
		Cash flow adjustments	CPR 6.2% - 10.2%	134	(124)
		Underlying asset value	^	7 731	(3 731)
		Other	^^	14 720	(1 889)
Securities arising from trading activities	7 118	Potential impact on income statement		1 119	(1 480)
		Cash flow adjustments	CPR 9.2%	1 119	(1 480)
Investment portfolio	829 971	Potential impact on income statement		158 957	(134 600)
		Price earnings multiple	3.2x -9.0x	8 852	(8 563)
		Underlying asset value	^	17 229	(11 739)
		Other	^^	83 729	(60 072)
		EBITDA	*	21 470	(21 043)
		Precious and industrial metal prices	(10%)/6%	2 186	(2 186)
		Cash flows	(50%)/50%	10 568	(9 552)
		Property values	(5%)/5%	10 151	(10 151)
		Various	**	4 772	(11 294)
Loans and advances to customers	1 209 580	Potential impact on income statement		75 262	(91 448)
		Credit spreads	0.1% - 6.2%	6 327	(9 089)
		Price earnings multiple	4.9x	703	(493)
		Underlying asset value	^	2 778	(2 347)
		Cash flows	(50%)/50%	16 053	(16 053)
		EBITDA	*	335	(335)
		Property values	(5%)/5%	100	(100)
		Other	^^	48 966	(63 031)
		Potential impact on other comprehensive income		1 673	(2 933)
		Credit spreads	0.03% - 2.1%	1 673	(2 933)
Other securitised assets	118 169	Potential impact on income statement		496	(473)
		Cash flow adjustments	CPR 6.2%	496	(473)
Total level 3 assets	**2 292 768**			**268 274**	**(244 665)**

Financial instruments at fair value *(continued)*

At 31 March 2019	Balance sheet value £'000	Significant unobservable input	Range which unobservable input has been changed	Potential impact on the income statement: Favourable changes £'000	Potential impact on the income statement: Unfavourable changes £'000
Liabilities					
Derivative financial instruments	(16 626)	Potential impact on income statement		(8 035)	8 045
		Cash flow adjustments	CPR 6.2% - 10.2%	(107)	116
		Volatilities	5.0% - 9.0%	(174)	174
		Underlying asset value	^	(7 754)	7 755
Liabilities arising on securitisation of other assets#	(113 711)	Potential impact on income statement		(365)	344
		Cash flow adjustments	4.0% - 9.5%	(365)	344
Other liabilities	(3 605)	Potential impact on income statement		(505)	505
		Property values	4.0% - 9.5%	(505)	505
Total level 3 liabilities	**(133 942)**			**(8 905)**	**8 894**
Net level 3 assets	**2 158 826**				

* *The EBITDA and cash flows has been stressed on an investment-by-investment basis in order to obtain favourable and unfavourable valuations.*

** *The valuation sensitivity for certain equity investments and fair value loans have been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purpose of this analysis as the sensitivity of the investments cannot be determined through the adjustment of a single input.*

^ *Underlying asset values are calculated by reference to a tangible asset, for example property, aircraft or shares.*

^^ *Other – The valuation sensitivity has been assessed by adjusting various inputs such as expected cash flows, discount rates, earnings multiples rather than a single input. It is deemed appropriate to reflect the outcome on a portfolio basis for the purposes of this analysis as the sensitivity of the assets cannot be determined through the adjustment of a single input.*

The sensitivity of the fair value of liabilities arising on securitisation of other assets has been considered together with other securitised assets.

Financial instruments at fair value *(continued)*

In determining the value of level 3 financial instruments, the following are the principal input that can require judgement:

Credit spreads

Credit spreads reflect the additional yield that a market participant would demand for taking exposure to the credit risk of an instrument. The credit spread for an instrument forms part of the yield used in a discounted cash flow calculation. In general, a significant increase in a credit spread in isolation will result in a movement in fair value that is unfavourable for the holder of a financial instrument.

Discount rates

Discount rates (including WACC) are used to adjust for the time value of money when using a discounted cash flow valuation method. Where relevant, the discount rate also accounts for illiquidity, market conditions and uncertainty of future cash flows.

Volatilities

Volatility is a key input in the valuation of derivative products containing optionality. Volatility is a measure of the variability or uncertainty in returns for a given derivative underlying. It represents an estimate of how much a particular underlying instrument, parameter or index will change in value over time.

Cash flows

Cash flows relate to the future cash flows which can be expected from the instrument and requires judgement.

EBITDA

The company's earnings before interest, taxes, depreciation and amortisation. This is the main input into a price earnings multiple valuation method.

Price-earnings multiple

The price earnings ratio is an equity valuation multiple. It is a key driver in the valuation of unlisted investments.

Property values and precious and industrial metals

The property value and precious and industrial metals is a key driver of future cash flows on these investments.

Underlying asset value

In instances where cash flows have links to referenced assets, the underlying asset value is used to determine the fair value. The underlying asset valuation is derived using observable market prices sourced from broker quotes, specialist valuers or other reliable pricing sources.

Fair value of financial instruments at amortised cost

The following table sets out the fair value of financial instruments held at amortised cost when the carrying value is not a reasonable approximation of fair value.

At 31 March £'000	Carrying amount	Fair value	Fair value category Level 1	Level 2	Level 3
2020					
Assets					
Cash and balances at central banks	3 932 048	3 932 058	3 919 312	12 746	–
Loans and advances to banks	2 666 851	2 666 694	2 159 790	502 009	4 895
Non-sovereign and non-bank cash placements	608 005	608 009	607 541	468	–
Reverse repurchase agreements and cash collateral on securities borrowed	2 056 615	2 056 440	1 527 883	528 557	–
Sovereign debt securities	195 760	229 207	229 207	–	–
Bank debt securities	220 458	215 915	122 463	93 452	–
Other debt securities	744 781	680 602	90 768	582 297	7 537
Loans and advances to customers	22 470 778	22 502 695	132 552	11 434 816	10 935 327
Own originated loans and advances to customers securitised	324 638	324 640	–	324 640	–
Other loans and advances	132 486	120 244	29 523	90 721	–
Other assets	1 111 316	1 111 227	680 961	408 622	21 644
Liabilities					
Deposits by banks	3 497 918	3 523 419	502 410	3 017 107	3 902
Repurchase agreements and cash collateral on securities lent	1 412 345	1 417 853	1 116 908	300 945	–
Customer accounts (deposits)	30 207 597	30 242 606	14 849 563	15 393 043	–
Debt securities in issue	1 517 276	1 532 509	611 196	918 742	2 571
Liabilities arising on securitisation of own originated loans and advances	76 696	76 696	–	76 696	–
Other liabilities	1 350 933	1 350 025	715 887	574 622	59 516
Subordinated liabilities	1 093 128	1 123 017	1 123 017	–	–
2019					
Assets					
Loans and advances to banks	2 322 821	2 322 798	1 902 222	412 225	8 351
Reverse repurchase agreements and cash collateral on securities borrowed	1 218 834	1 218 958	578 897	640 061	–
Sovereign debt securities	281 412	271 125	271 125	–	–
Bank debt securities	367 179	366 845	215 336	151 509	–
Other debt securities	478 817	467 820	148 322	249 969	69 529
Loans and advances to customers	22 509 074	22 561 179	–	13 019 540	9 541 639
Other loans and advances	195 693	197 587	337	194 795	2 455
Other assets	1 041 116	1 041 759	595 913	283 767	162 079
Liabilities					
Deposits by banks	3 016 306	3 037 771	245 658	2 792 113	–
Repurchase agreements and cash collateral on securities lent	671 273	668 870	497 354	171 516	–
Customer accounts (deposits)	28 934 266	28 934 451	12 849 161	16 085 221	69
Debt securities in issue	2 552 514	2 588 218	739 787	1 845 370	3 061
Other liabilities	1 029 239	906 643	482 818	367 047	56 778
Subordinated liabilities	1 279 564	1 361 823	1 361 784	39	–

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value and have been reflected in level 1. This assumption also applies to demand deposits and savings accounts without a specific maturity included in customer accounts (deposits) and variable rate financial instruments.

Fair value of financial instruments at amortised cost *(continued)*

Financial instruments for which fair value does not approximate carrying value

Differences in amortised cost and fair value occur in fixed rate instruments. The fair value of fixed-rate financial assets and financial liabilities carried at amortised cost are estimated by comparing spreads earned on the transactions with spreads earned on similar new transactions entered into by the group. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows, using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted sub-debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring level 2 and level 3 financial instruments not held at fair value:

Loans and advances to banks	Calculation of the present value of future cash flows, discounted as appropriate.
Reverse repurchase agreements and cash collateral on securities borrowed	Calculation of the present value of future cash flows, discounted as appropriate.
Bank debt securities	Valued using a cash flow model of the bonds, discounted by an observable market credit curve.
Other debt securities	Priced with reference to similar trades in an observable market as well as calculation of the present value of future cash flows, discounted as appropriate.
Loans and advances to customers	Calculation of the present value of future cash flows, discounted as appropriate.
Other loans and advances	Calculation of the present value of future cash flows, discounted as appropriate.
Other assets	Calculation of the present value of future cash flows, discounted as appropriate.
Deposits by banks	Calculation of fair value using appropriate funding rates. Calculation of the present value of future cash flows, discounted as appropriate.
Repurchase agreements and cash collateral on securities lent	Calculation of the present value of future cash flows, discounted as appropriate.
Short-term customer accounts (deposits)	Where the deposits are short-term in nature, carrying amounts are assumed to approximate fair value. Where deposits are of longer-term maturities, they are valued using a cash flow model, discounted as appropriate.
Debt securities in issue	Where the debt securities are fully collateralised, fair value is equal to the carrying value. Other debt securities are valued using a cash flow model, discounted as appropriate to the securities for funding and interest rates.
Other liabilities	Where the other liabilities are short-term in nature, carrying amounts are assumed to approximate fair value.
Subordinated liabilities	Valued with reference to market prices.

Interests in associated undertakings and joint venture holdings

At 31 March £'000	2020	2019
Analysis of the movement in interests in associated undertakings and joint venture holdings:		
At the beginning of year	387 750	467 852
Acquisitions	48 477	2 271
Ninety One shareholding arising from demerger	339 749	–
Disposals	(615)	(27 430)
Share of post taxation profit of associates and joint venture holdings***	27 340	68 317
Profits or losses recognised in other comprehensive income and equity	(2 387)	(6 879)
Demerger of business	(37)	–
Transfer from investment portfolio	17 370	–
Settlement of loan	–	(10 495)
Impairment of associates and joint venture holdings*	(45 400)	–
Dividends received	(3 141)	(61 213)
Exchange adjustments	(67 795)	(44 673)
At the end of year	**701 311**	**387 750**

* *Of the impairment, £10.7 million relates to impairments of associates recorded by IEP itself, and £34.7 million relates to the impairment processed by the group on the equity accounted value of IEP.*

*** *Included within the share of post taxation profit of associates and joint venture holdings balance is a profit of £0.1 million (31 March 2019: £0.2 million) presented within operational items in the income statement.*

	2020	2019	2020	2020
Details of material associated companies	**IEP Group Proprietary Limited**		**UK Nestor**	**Ninety One**
Summarised financial information (£'000):				
For the year to 31 March				
Revenue**	729 819	811 414	–	19 200
Profit after taxation**	137 573	166 973	–	20 000
Total comprehensive income**	94 448	161 595	–	20 000
At 31 March				
Asset				
Non-current assets	928 024	1 086 739	294 685	145 200
Current assets	268 864	334 390	15 393	7 506 100
Liabilities				
Non-current liabilities	427 763	297 897	169 868	145 700
Current liabilities	116 466	348 380	7 223	7 354 500
Net asset value	**652 659**	**774 852**	**132 987**	**151 100**
Non-controlling interest	111 636	136 926	–	400
Shareholders' equity	541 023	637 926	132 987	150 700
Effective interest in issued share capital	47.4%	45.9%	38.0%	25.0%
Net asset value^	253 290	292 680	49 247	146 283
Goodwill	–	36 283	1 288	188 074
Carrying value of interest - equity method	**253 290**	**328 963**	**50 535**	**334 357**

** *Income statement and other comprehensive income items are only shown for the period for which they are equity accounted.*

^ *The net asset value of IEP is £256.4 million (47.4% of £541.0 million) reduced by the portion of the impairment of IEP that exceeded the value of the goodwill.*
The investment in Ninety One was initially recognised on 13 March 2020 at a fair value of £330.0 million with subsequent equity accounted earnings increasing the value to £334.4 million. The portion of the net asset value of Ninety One, was £37.7 million (25% of £150.7 million) on 31 March 2020. The difference between the carrying value of Ninety One and the net asset value relates to goodwill and an intangible asset that was recognised in the carrying value as a direct result of the fair value exceeding the fair value of the identifiable assets as at 13 March 2020.

Management critically evaluated the equity accounted value of the group's investment in IEP and consequently recognised an impairment of £45.4 million in total in the current year. Management of IEP identified indicators of impairment of two investments in associates and recognised an impairment of £10.7 million. As a result of this impairment, Investec management performed an impairment test on the investment in IEP and recognised an additional impairment of £34.7 million. The recoverable amount of the investment in IEP was determined to be the value-in-use of the investment. The value-in-use was determined by calculating the sum of the fair values of the underlying investments held by IEP. This was done by determining the best estimates of the cash flows to be generated from the ultimate realisation of the underlying investments considering management's strategy with the investments, returns generated by the underlying investments, the nature of the assets and market considerations. This estimate was performed for each of the assets held by IEP, using valuation techniques and assumptions management believed to be most representative of the ultimate realisation of the investments.

Acquisitions and disposals and discontinued operations

Sale of Irish Wealth & Investment business

During the current year, the group completed the sale of its Republic of Ireland Wealth & Investment business for proceeds of €44 million. The decision to dispose of the business was taken in light of changes in Investec's Irish business model, brought about by Brexit planning and the ongoing consolidation taking place in the wealth management industry in Ireland. The sale did not impact the group's other Irish businesses which have the necessary regulatory structure in place to continue to provide their existing range of specialist financial services.

Demerger of the Asset Management business

On 13 March 2020, the group successfully completed the demerger of Ninety One (formerly known as Investec Asset Management), which became separately listed on 16 March 2020. The loss of control of Investec Asset Management was effected through the distribution of Ninety One shares to shareholders.

Gain on loss of control of Ninety One	**£'000**
The gain is calculated as follows:	
Fair value of the distributions	697 854
Investment in associate measured at fair value (including holdings by Investec staff share schemes)	383 535
Net asset value of Asset Management derecognised previously consolidated at 13 March 2020 (including Goodwill)	(228 710)
Non-controlling interest derecognised previously included in the consolidation of Ninety One at 13 March 2020	28 708
Foreign currency translation reserve recycled to the income statement at 13 March 2020	(13 980)
Gain on the distribution of Ninety One shares (before tax)	**867 407**
Implementation costs	(47 174)
Gain on the distribution of Ninety One shares (before tax)	**820 233**
Taxation on gain	(14 405)
Related taxation	592
Gain on the distribution of Ninety One shares net of taxation and implementation costs	**806 420**
Major classes of assets and liabilities	
Insurance related assets	7 806 250
Loans and advances to banks	264 604
Remaining assets (including goodwill)	499 078
Remaining liabilities	(8 341 222)
	228 710

Acquisitions and disposals and discontinued operations *(continued)*

The table below presents the income statement from discontinued operations for the year ended 31 March 2020 and 31 March 2019.

Combined consolidated income statement of discontinued operations

	Year to 31 March 2020			Year to 31 March 2019		
£'000	**UK and Other**	**Southern Africa**	**Total**	**UK and Other**	**Southern Africa**	**Total**
Net interest income	(2 235)	3 962	1 727	568	5 115	5 683
Net fee and commission income	392 591	191 388	583 979	378 180	178 721	556 901
Investment income	(2 042)	35	(2 007)	–	25	25
Trading income/(loss) arising from						
– balance sheet management and other trading activities	1 634	(76)	1 558	5 120	(62)	5 058
Other operating income	4 697	745	5 442	3 773	1 622	5 395
Total operating income before expected credit loss impairment charges	**394 645**	**196 054**	**590 699**	**387 641**	**185 421**	**573 062**
Expected credit loss impairment charges	–	–	–	7	(1)	6
Operating income	**394 645**	**196 054**	**590 699**	**387 648**	**185 420**	**573 068**
Operating costs	(285 542)	(115 398)	(400 940)	(279 813)	(113 893)	(393 706)
Operating profit before strategic actions and non-controlling interests	**109 103**	**80 656**	**189 759**	**107 835**	**71 527**	**179 362**
Profit attributable to non-controlling interests from discontinued operations	(18 106)	(11 241)	(29 347)	(15 942)	(9 716)	(25 658)
Operating profit	**90 997**	**69 415**	**160 412**	**91 893**	**61 811**	**153 704**
Gain on distribution net of implementation costs	549 263	270 970	820 233	(6 190)	(500)	(6 690)
Profit before taxation	**640 260**	**340 385**	**980 645**	**85 703**	**61 311**	**147 014**
Taxation on operating profit before strategic actions	(19 112)	(22 088)	(41 200)	(18 796)	(19 856)	(38 652)
Taxation on strategic actions	1 253	(15 066)	(13 813)	161	196	357
Earnings attributable to shareholders from discontinued operations	**622 401**	**303 231**	**925 632**	**67 068**	**41 651**	**108 719**

Other trading liabilities

At 31 March £'000	2020	2019
Deposits	201 834	116 281
Short positions		
- Equities	216 131	414 357
- Gilts	91 557	141 767
	509 522	**672 405**

Debt securities in issue

At 31 March £'000	2020	2019
Repayable in:		
Less than three months	47 299	79 710
Three months to one year	120 445	240 305
One to five years	1 320 376	2 100 073
Greater than five years	249 071	653 232
	1 737 191	**3 073 320**

Other liabilities

At 31 March £'000	2020	2019
Settlement liabilities	1 018 415	707 477
Other creditors and accruals	499 642	731 271
Other non-interest bearing liabilities	155 006	289 783
Dividends Rewards Programme liability	29 077	33 154
Lease liabilities*	488 849	–
Long service employee benefits liability (refer to note 8 in volume three of Investec group's 2020 integrated annual report)	14 006	–
Expected credit loss on off balance sheet commitments and guarantees	6 492	3 964
	2 211 487	**1 765 649**
Lease liabilities*		
Reconciliation from opening balance to closing balance:		
Opening balance	–	–
Adoption of IFRS 16	597 002	–
Interest	18 358	–
Additional leases	47 109	–
Disposals	(10 945)	–
Demerger of business	(99 576)	–
Repayment of lease liabilities	(75 101)	–
Exchange adjustments	12 002	–
Closing balance	**488 849**	**–**
Lease liabilities included in other liabilities due in	**Undiscounted**	**Present Value**
Less than one year	71 876	66 804
One to five years	259 259	230 962
Later than five years	227 077	192 931
Exchange adjustment	–	(1 848)
	558 212	**488 849**

* *The group adopted IFRS 16 from 1 April 2019. The prior period comparatives have not been restated.*

Ordinary share capital

At 31 March £'000	2020	2019
Investec plc		
Issued, allotted and fully paid		
Number of ordinary shares	**Number**	Number
At the beginning of the year	682 121 211	669 838 695
Issued during the year	13 961 407	12 282 516
At the end of the year	**696 082 618**	**682 121 211**
Nominal value of ordinary shares	**£'000**	**£'000**
At the beginning of the year	136	134
Issued during the year	2	2
At the end of the year	**138**	**136**
Number of special converting shares	**Number**	Number
At the beginning of the year	318 904 709	310 722 744
Issued during the year	–	8 181 965
At the end of the year	**318 904 709**	**318 904 709**
Nominal value of special converting shares	**£'000**	£'000
At the beginning of the year	64	61
Issued during the year	–	3
At the end of the year	**64**	**64**
Number of UK DAN shares	**Number**	Number
At the beginning and end of the year	**1**	**1**
Nominal value of UK DAN share	**£'000**	£'000
At the beginning and end of the year	*	*
Number of UK DAS shares	**Number**	Number
At the beginning and end of the year	**1**	**1**
Nominal value of UK DAS share	**£'000**	£'000
At the beginning and end of the year	*	*
Number of special voting shares	**Number**	Number
At the beginning and end of the year	**1**	**1**
Nominal value of special voting share	**£'000**	£'000
At the beginning and end of the year	*	*

* *Less than £1 000.*

Ordinary share capital *(continued)*

At 31 March	2020	2019
Investec Limited		
Authorised		
The authorised share capital of Investec Limited is R1 960 002 (2019: R1 960 002), comprising 450 000 000 (2019: 450 000 000) ordinary shares of R0.0002 each, 48 091 681 (2019: 48 091 681) redeemable, non-participating preference shares with a par value of R0.01 each, 408 319 (2019: 408 319) class ILRP1 redeemable, non-participating preference shares of R0.01 each, 1 500 000 (2019: 1 500 000) Class ILRP2 redeemable, non-participating preference shares of R0.01 each, 20 000 000 (2019: 20 000 000) non-redeemable, non-participating preference shares of R0.01 each, 50 000 (2019: 50 000) variable rate redeemable cumulative preference shares of R0.60 each, 100 000 000 (2019: 100 000 000) non-redeemable, non-cumulative, non-participating preference shares of R0.01 each, 1 (2019: 1) Dividend Access (South African resident) redeemable preference share of R1.00, 1 (2019: 1) Dividend Access (non-South African resident) redeemable preference share of R1.00, 700 000 000 (2019: 700 000 000) special convertible redeemable preference shares of R0.0002 each (special converting shares).		
Issued, allotted and fully paid		
Number of ordinary shares	**Number**	Number
At the beginning of the year	318 904 709	310 722 744
Issued during the year	–	8 181 965
At the end of the year	**318 904 709**	**318 904 709**
Nominal value of ordinary shares	**£'000**	**£'000**
At the beginning of the year	46	46
Issued during the year	*	*
At the end of the year	**46**	**46**
Number of special converting shares	**Number**	Number
At the beginning of the year	682 121 211	669 838 695
Issued during the year	13 961 407	12 282 516
At the end of the year	**696 082 618**	**682 121 211**
Nominal value of special converting shares	**£'000**	£'000
At the beginning of the year	5	5
Issued during the year	*	*
At the end of the year	**5**	**5**
Number of SA DAN shares	**Number**	Number
At the beginning and end of the year	**1**	**1**
Nominal value of SA DAN share	**£'000**	£'000
At the beginning and end of the year	*	*
Number of SA DAS shares	**Number**	Number
At the beginning and end of the year	**1**	**1**
Nominal value of SA DAS shares	**£'000**	£'000
At the beginning and end of the year	*	*
Nominal value of issued, allotted and fully paid called up share capital of Investec plc and Investec Limited		
Total called up share capital	253	251
Less: held by Investec Limited	(2)	(2)
Less: held by Investec plc	(4)	(4)
Total called up share capital	**247**	**245**

* *Less than £1 000.*

Ordinary share capital *(continued)*

The Investec Limited shares were issued in South African Rand. The amounts recorded above were calculated by reference to historic Pounds Sterling: Rand exchange rates. In terms of the DLC structure shareholders have common economic and voting rights as if Investec Limited and Investec plc were a single company. These include equivalent dividends on a per share basis, joint electorate and class right variations. The UK DAS share, UK DAN share, SA DAS share, the SA DAN share and the special converting shares have been issued to achieve this.

The unissued shares are under the control of the directors until the next annual general meeting.

Staff share scheme

The group operates a share option and a share purchase scheme for employees. The number of ordinary shares conditionally allocated to employees are disclosed in note 8 in volume three of Investec group's 2020 integrated annual report.

Movements in the number of share options issued to employees are as follows (each option is in respect of one share):

	Number	Number
For the year to 31 March	**2020**	**2019**
Opening balance	44 941 101	49 282 005
Demerger	(1 701 349)	–
Issued during the year	13 431 500	14 366 136
Exercised	(13 003 747)	(17 216 065)
Lapsed	(3 090 087)	(1 490 975)
Closing balance	**40 577 418**	**44 941 101**

The purpose of the staff share scheme is to promote an esprit de corps within the organisation, create an awareness of Investec's performance and provide an incentive to maximise individual and group performance by allowing all staff to share in the risks and rewards of the group.

The group makes awards available to staff members via the underlying share trusts. The particular instrument used varies from time to time depending on taxation legislation and factors affecting the group structure. Nevertheless, whatever the instrument chosen, its underlying value depends solely on the performance of the groups' share price.

At present, the practice of the group is to grant all permanent staff members a share allocation based on their annual package after completing six months of employment. In line with the objective of providing a long-term incentive for staff, these share awards vest over periods varying from three to five years.

After the initial allocation referred to above, additional allocations are made to staff members at the discretion of group management and depending on the individual performance and contribution made by the respective staff members.

The extent of the director's and staff interests in the incentive scheme is detailed on page 202 to 222 and 236 and 237 in volume one of the Investec group's 2020 integrated annual report.

Related party transactions

At 31 March £'000	2020	2019
Compensation of key management personnel		
Details of directors remuneration and interest in shares, including the disclosures required by IAS 24 Related party transactions and compensation of key management personnel, are disclosed in the remuneration report on pages 198 to 222 and 237 in volume one of the Investec group's 2020 integrated annual report.		
Transactions, arrangements and agreements involving key management personnel:		
Transactions, arrangements and agreements with directors and connected persons and companies controlled by them, and with officers of the company, were as follows:		
Key management personnel and connected persons and companies controlled by them		
Loans		
At the beginning of the year	44 937	37 327
Increase in loans	5 255	7 886
Decrease in loans*	(42 427)	(430)
Exchange adjustments	–	154
At the end of the year	**7 765**	**44 937**
Guarantees		
At the beginning of the year	13 360	402
Additional guarantees granted	918	13 367
Decrease in guarantees*	(13 686)	(6)
Exchange adjustments	–	(403)
At the end of the year	**592**	**13 360**
Deposits		
At the beginning of the year	(36 037)	(28 604)
Increase in deposits	(2 068)	(10 297)
Decrease in deposits*	26 116	2 786
Exchange adjustments	1	78
At the end of the year	**(11 988)**	**(36 037)**

* *Decrease includes changes in leadership during the current year.*

The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or where applicable, with other employees. The transactions did not involve more than the normal risk of repayment. None of these loans have been impaired.

Where related parties have investment products (that may be included in funds under management) offered to clients on terms and conditions in the ordinary course of business, these have not been included above as the group does not carry any exposure relating to these transactions (they are at client risk).

Transactions with other related parties

The group has an investment in Grove Point (UK) Limited in which a previous Investec director has significant influence. The group has made an investment of £47.8 million (2019: £44.3 million) with no further committed funding. The terms and conditions of the transaction were no more favourable than those available, on similar transactions to non-related entities on an arm's length basis.

For the year to 31 March £'000	2020	2019
Transactions with associates and joint venture holdings		
Amounts due from associates and joint venture holdings and their subsidiaries	**573 286**	**194 094**
Interest income from loans to associates and joint venture holdings	**16 969**	**6 787**
Interest expense from loans to associate and joint venture holdings	**4 724**	**5 022**

The above arose from the ordinary course of business and are on the same terms, including interest rates and security, as for comparable transactions with third party counterparties.

Events after the reporting period

The significant judgements and estimates applied to prepare the financial statements as at 31 March 2020 reflected the impact of COVID-19 and the resulting lockdown as at the balance sheet date. These judgements, specifically those relating to the impairment of loans and advances and valuation of fair value instruments, were determined by considering a range of economic scenarios including the adverse impact of the lockdown and by applying the guidance issued by various international regulators and standard-setting bodies. The action of various governments and central banks, in particular in the United Kingdom and South Africa, provides an indication of the potential severity of the downturn and that the recovery environment could be significantly different from past crises with a duration which is also difficult to predict. Subsequent to the balance sheet date, extensions to lockdown periods have been announced and there has been further deterioration in certain macro-economic forecasts. In South Africa various government and social programmes were launched, aimed at reducing the impact of COVID-19 and to stimulate the economy and in the UK previously launched schemes have been extended in an attempt to mitigate the economic impact of COVID-19. Some of the markets in which the group operates, in particular the UK, are showing signs of recovery with fewer new COVID-19 cases being reported, lockdown rules beginning to ease and economic activity starting to increase slightly. The group believes that the significant judgements and estimates made at the balance sheet date took account of the impact of COVID-19 and the results of subsequent event procedures performed by management up to 16 June 2020, did not identify additional information that requires these judgements and estimates to be updated. The group has also considered the impact of subsequent events that would be considered non-adjusting, such as changes in the key management assumptions detailed in the accounting policies. Management is satisfied that there were no such items of sufficient significance to warrant additional disclosure. However, should the COVID-19 crisis cause disruption to global economic activity for a longer period than forecasted, this could put additional upward pressure on the group ECLs and downward pressure on other valuations. Management performed a detailed assessment of events after the reporting period and any consequent potential impact on the annual financial statements and concluded that the financial statement disclosure was appropriate. This process included a review of changes in underlying credit risk of loans and advances, evaluating changes in assumptions of fair value calculations, evaluating significant movements on the share price of listed investments and evaluating the level of financial assistance provided to clients compared to the balance sheet date.

Subsequent to the balance sheet date, a settlement has been reached with HMRC in relation to a tax enquiry and the matter resolved. This has been reflected as an adjusting post balance sheet event and the provision has been reduced to the settlement amount.

The group is not aware of any other events after the reporting date as defined by IAS 10 Events after the Reporting Period, that would require the financial statements to be adjusted or which would require additional disclosures.

Adoption of IFRS 16

On 1 April 2019 the group adopted IFRS 16 Leases which replaced IAS 17 Leases. The group's accounting as a lessor under IFRS 16 is substantially unchanged from its approach under IAS 17, apart from certain subleases which are now classified as finance lease receivables. For lessees, IFRS 16 removes the distinction between finance and operating leases and introduces a single lease accounting model that will, with some limited exemptions, apply to all leases and result in bringing them on balance sheet. Operating lease commitments as at 31 March 2019 amounted to £630 million. Lease liabilities amounting to £597 million, primarily in respect of leased properties, previously accounted for as operating leases, were recognised at 1 April 2019. The lease liabilities were adjusted to exclude short-term leases of £0.2 million. Excluding the effect of discounting, the difference between the commitments previously reported and the opening lease liabilities principally arises due to immaterial differences between commitments previously disclosed and the accounting treatment of options which are available to exercise at the end of certain lease contracts which leads to a higher balance under IFRS 16 than was part of the commitment under IAS 17.

As a lessee, the group now recognises a lease liability measured at the present value of remaining cash flows and a right of use (ROU) asset measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received. The lease payments are discounted using the group's incremental borrowing rate. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The lease liability will increase for the accrual of interest, and will result in a constant rate of return throughout the life of the lease, and reduce when payments are made. The right of use asset is being amortised to the income statement over the life of the lease.

As permitted by the standard, the group applied IFRS 16 on a modified retrospective basis without restating prior years. The group has elected to take advantage of the following transition options on transition at 1 April 2019:

- applied IFRS 16 to contracts previously identified as leases by IAS 17
- calculated the right of use asset equal to the lease liability, adjusted for prepaid or accrued payments
- used the incremental borrowing rate as the discount rate for property leases
- not applied IFRS 16 to operating leases with a remaining lease term of less than 12 months
- relied on the assessment of whether the lease contract is onerous under IAS 37 at 31 March 2019 as an alternative to performing an impairment review of the right use of assets created on 1 April 2019. Where this is the case the carrying amount of the assets has been adjusted by the onerous lease provision.

The impact on adoption was the recognition of ROU assets of £233 million, finance lease receivables of £330 million relating to certain subleases, and lease liabilities of £597 million, with no impact on retained income. An existing accrual of £34 million was adjusted against the right of use assets.

GLOSSARY

AGM	Annual general meeting
AI	Artificial Intelligence
ALCO	Asset and Liability Committee
APRA	Australian Prudential Regulation Authority
AT1	Additional Tier 1
BASA	Banking Association of South Africa
BCR	Banking Competition Remedies Limited
BID	Belonging, Inclusion and Diversity
BoE	Bank of England
BSE	Botswana Stock Exchange
CA	Chartered Accountant
CCyB	Countercyclical capital buffer
CEO	Chief Executive Officer
CET1	Common equity tier 1
CMD	Capital Markets Day
CO2 emissions	Carbon Dioxide emissions
COO	Chief Operating Officer
COVID-19	Corona Virus Disease
CRDIV	Capital Requirements Directive IV
CRO	Chief Risk Officer
CSI	Corporate Social Investment
DFM	Discretionary Fund Management
DLC	Dual listed company
DLC BRCC	DLC Board Risk and Capital Committee
DLC Nomdac	DLC Nominations and Directors Affairs Committee
DLC SEC	DLC Social and Ethics Committee
EBA	European Banking Authority
ECAs	Export Credit Agencies
ECL	Expected credit loss
EDT	Entrepreneurship Development Trust
EP	Equator Principals
EPS	Earnings per share
ES	Expected shortfall
ESG	Environmental, social and governance
EU	European Union
EVT	Extreme value theory
FCA	Financial Conduct Authority
FIRB	Foundation Internal Ratings-Based
FPC	Financial Policy Committee
FRC	Financial Reporting Council
FSCS	Financial Services Compensation Scheme
FUM	Funds under management
GBCSA	Green Building Council South Africa
GDP	Gross domestic product
GRRRMF	Group Risk Review and Reserves Matters Forum
HNW	High net worth
HR	Human resources
IAM	Investec Asset Management
IASs	International Accounting Standards
IBL	Investec Bank Limited
IBL BRCC	IBL Board Risk and Capital Committee
IBL ERC	IBL Executive Risk Committee
IBP	Investec Bank plc
IBP BRCC	IBP Board Risk and Capital Committee
IBP ERC	IBP Executive Risk Committee
ICAAP	Internal Capital Adequacy Assessment Process
ICC	International Chamber of Commerce
IFRS	International Financial Reporting Standard
IPF	Investec Property Fund
IRL	Investec Rhino Lifeline
IW&I	Investec Wealth & Investment
JSE	Johannesburg Stock Exchange
L&D	Learning and development
LCR	Liquidity coverage ratio
LHS	Left hand side
LSE	London Stock Exchange
NCI	Non-controlling interests
NGO	Non-Governmental organisation
NSFR	Net stable funding ratio
NSX	Namibian Stock Exchange
OD	Organisation development
OECD	Organisation for Economic Co-operation and Development
PCAF	Partnership for Carbon Accounting Financials
PPE	Personal Protective Equipment
PRA	Prudential Regulation Authority
RHS	Right hand side
ROE	Return on equity
RPA	Robotic Process Automation technologies
RWA	Risk-weighted asset
S&P	Standard & Poor's
SA	South Africa
SDGs	Sustainable Development Goals
SIPP	Self Invested Personal Pension
SME	Small and Medium-sized Enterprises
SMMEs	Small, Medium & Micro Enterprises
SOE	State-owned Enterprise
South African PA	South African Prudential Authority (previously known as the Banking Supervision Division of the South African Reserve Bank)
TCFD	Task Force on Climate-related Financial Disclosures
tCO2e	Tonnes of CO2 emissions
TCTA	Trans-Caledon Tunnel Authority
UK	United Kingdom
UKLA	United Kingdom Listing Authority
UN	United Nations
UN GISD	United Nations Global Investment for Sustainable Development
VaR	Value at Risk
YES	Youth Employment Service

ALTERNATIVE PERFORMANCE MEASURES

We supplement our IFRS figures with alternative performance measures used by management internally and which provide valuable, relevant information to readers. These have been indicated with a ✪ symbol throughout this document. A description of the group's alternative performance measures and their calculation, where relevant, is set out below.

Alternative performance measures constitute pro forma financial information. The pro forma financial information is the responsibility of the board of directors and is presented for illustrative purposes only and because of its nature may not fairly present the group's financial position, changes in equity, and results in operations or cash flows.

Adjusted earnings attributable to ordinary shareholders	Earnings attributable to shareholders adjusted to remove goodwill, acquired intangibles, strategic actions, and earnings attributable to perpetual preference shareholders and Other Additional tier 1 security holders. Refer to pages 171 to 173 for the reconciliation of earnings attributable to shareholders to adjusted earnings attributable to ordinary shareholders.
Adjusted earnings per share	Adjusted earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year. Refer to pages 171 to 173 for calculation.
Adjusted operating profit	Refer to the calculation in the table below:

£'000	31 March 2020	31 March 2019
Operating profit before goodwill, acquired intangibles and strategic actions	676 870	790 050
Less: Profit attributable to other non-controlling interests	(67 952)	(58 192)
Adjusted operating profit	**608 918**	**731 858**

Adjusted operating profit per employee	Adjusted operating profit divided by average total employees including permanent and temporary employees. Refer to page 49 for calculation
Annuity income	Net interest income (refer to page 63) plus net annuity fees and commissions (refer to page 65)
Core loans to equity	Net core loans and advances divided by total shareholder's equity per the balance sheet
Cost to income ratio	Operating costs divided by operating income before ECL impairment charges (net of depreciation on operating leased assets and net of operating profits or losses attributable to other non-controlling interests)
	Refer to calculation in the table below:

£'000	31 March 2020	31 March 2019
Operating costs (A)	1 185 020	1 274 517
Total operating income before expected credit losses	1 806 839	1 953 820
Less: Depreciation on operating leased assets	(1 407)	(2 157)
Less: Profit attributable to other non-controlling interests	(67 952)	(58 192)
Total (B)	1 737 480	1 893 471
Cost to income ratio (A/B)	**68.2%**	**67.3%**

Coverage ratio	ECL as a percentage of gross core loans and advances subject to ECL
Credit loss ratio	ECL impairment charges on core loans and advances as a percentage of average gross core loans and advances subject to ECL
Dividend cover	Adjusted earnings per ordinary share before goodwill and non-operating items divided by dividends per ordinary share
Gearing ratio	Total assets excluding assurance assets divided by total equity
Gross core loans and advances	Refer to calculation on page 34 in volume two of the Investec group's 2020 integrated annual report
Loans and advances to customers as a % of customer accounts	Loans and advances to customers as a percentage of customer accounts (deposits)

Net tangible asset value per share	Refer to calculation on page 53
Net core loans and advances	Refer to calculation on page 34 in volume two of the Investec group's 2020 integrated annual report
Net interest margin	Interest income net of interest expense, divided by average interest-earning assets. Refer to calculation on pages 41 and 42
Return on average ordinary shareholders' equity (ROE)	Refer to calculation on pages 53 to 57
Return on average tangible ordinary shareholders' equity	Refer to calculation on pages 53 to 57
Return on average assets	Adjusted earnings attributable to ordinary shareholders divided by average total assets excluding assurance assets
Return on risk-weighted assets	Adjusted earnings attributable to ordinary shareholders divided by average risk-weighted assets, where risk-weighted assets is calculated as the sum of risk-weighted assets for Investec plc and Investec Limited (converted into Pounds Sterling) as reflected on page 58
Staffing compensation to operating income ratio	All staff compensation costs expressed as a percentage of operating income before ECL (net of operating profits or losses attributable to other non-controlling interests)

Cash and near cash

Includes cash, near cash (other 'monetisable assets') and Central Bank cash placements and guaranteed liquidity.

Diluted earnings per share

Diluted earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders of Investec plc and Investec Limited, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the period plus the weighted average number of ordinary shares that would be issued on conversion of the dilutive ordinary potential shares during the year.

Refer to pages 171 to 173 for the calculation of diluted earnings per share.

Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders in Investec plc and Investec Limited by the weighted average number of ordinary shares in issue during the year.

Refer to pages 171 to 173 for the calculation of earnings per share.

Effective operational tax rate

Tax on profit on ordinary activities (excluding non-operating items) divided by operating profit before goodwill and acquired intangibles and excluding share of post taxation profit of associates and joint venture holdings.

Interest bearing liabilities

Deposits by banks, debt securities in issue, repurchase agreements, and cash collateral on securities lent, customer accounts (deposits), liabilities arising on securitisation of own originated loans and advances and liabilities arising on securitisation of other assets. Refer to page 41 for calculation.

Interest-earning assets

Cash and near cash, bank debt securities, sovereign debt securities, core loans and advances, other debt securities, other loans and advances and other securitised assets. Refer to page 41 for calculation.

Headline earnings per share

Headline earnings is calculated in accordance with the JSE listing requirements and in terms of circular 1/2019 issued by the South African Institute of Chartered Accountants.

Headline earnings per share calculated by dividing the group's headline earnings by the average number of shares which it had in issue during the accounting period.

Refer to pages 171 to 173 for the calculation of headline earnings per share.

Legacy business in the UK Specialist Bank ('Legacy')

Legacy, as separately disclosed from 2014 to 2018, comprises pre-2008 assets held on the UK bank's balance sheet, that had very low/negative margins and assets relating to business we are no longer undertaking.

Market capitalisation

Total number of shares in issue (including Investec plc and Investec Limited) multiplied by the closing share price of Investec plc on the London Stock Exchange.

Ninety One and Ninety One group

All references to Ninety One and Ninety One group refer to Ninety One plc and its subsidiaries plus Ninety One Limited and its subsidiaries.

Ongoing basis

Ongoing information, as separately disclosed from 2014 to 2018, excludes Legacy assets (refer to definition), as well as the following businesses sold in previous years: Investec Bank (Australia) Limited, Kensington Group plc and Start Mortgage Holdings Limited.

Strategic actions

Comprises the closure and rundown of the Hong Kong direct investments business, the demerger of the asset management business and the financial impact of group restructures.

Subject to ECL

Includes financial assets held at amortised cost and FVOCI. Also includes FVPL portfolios for which ECL is not required for IFRS purposes but for which management evaluates on this basis. Refer to page 34 in volume two of the Investec group's 2020 integrated annual report for core loans and advances subject to ECL.

Third party assets under management

Consists of third party assets managed by the Wealth & Investment business and by the Property business (which forms part of the Specialist Bank).

Total group

Total group represents the group's results including the results of discontinued operations.

Weighted number of ordinary shares in issue

The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group less treasury shares. Refer to calculation on pages 171 to 173.

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Directorate as at 16 June 2020

Executive directors

Fani Titi (chief executive officer)
Nishlan A Samujh (group finance director)
James Kieran C Whelan (executive director)

Non-executive directors

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Zarina BM Bassa (senior independent director)
Henrietta Baldock
David Friedland
Philip A Hourquebie
Charles R Jacobs
Ian R Kantor
Lord Malloch-Brown KCMG
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